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National in Name—International in Scope

of the

**NATIONAL RETAIL
CREDIT ASSOCIATION**

• OCTOBER 1950



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The CREDIT WORLD

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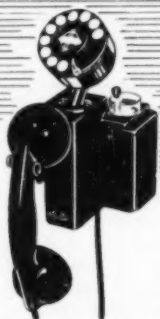


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CREDIT

Rudolph M. Severa

**Executive Manager, Credit Bureau of Greater New York, New York, N. Y.
Chairman, Report and Bureau Study Committee, N. R. C. A.**

MANAGING a credit department is like commanding a war maneuver. The degree of success attained depends on the ingenuity and resourcefulness with which personnel is organized, trained, and deployed to get the best results with the least effort and cost, and on the careful planning, co-ordination and execution of all operations.

All of us who possess a progressive streak in our characters are interested in building the proverbial mousetrap better than the next fellow. New thoughts and ideas come to us, sometimes through planned research and reflection, sometimes in a flash. Placed in the acid bath of daily operations, many of these ideas are found to be impractical, costly or repetitious. But they often contain the seeds of real progress in the direction of eliminating or reducing time, motion and expense, or in rendering improved service to customers. Therefore, if we are to be progressive, we must continue to seek new ways and means of accomplishing our work objectives better and more cheaply.

For two years prior to my return to the field of credit bureau management, I had the honor and pleasure of serving as Chairman of the Bureau Report and Survey Committee of the National Retail Credit Association. The function of this Committee was to study and appraise the systems and methods in use in the credit departments of member organizations, and report its findings and recommendations to the membership at large. Shortly before my change in connections on January 1, 1949, our Committee sent a questionnaire to a cross section of the members of the N.R.C.A., for the purpose of obtaining basic information on current operations, both with respect to internal handling of credit applications, and credit bureau relations. Because of my preoccupation with other duties, I have had to delay, until now, the digesting of the responses received from members who cooperated in this survey. The information received is so interesting, however, that it is now presented to the members for their enlightenment, in the hope that it will aid them in their future thinking, and in the planning of their own operations. 23 basic questions were asked in the questionnaire, which was sent to 1,000 members. 233 responses were received, and following are the questions and digests of the replies:

Q.1.—About what percentage of your credit applications are taken: (a) By personal interview in the credit office? (b) By mail? (c) By salesclerks

or others in your store? (d) At the customer's home?

R.—88.95% of their applications are taken in the credit office, 5.01% by mail, 4.82% by salesclerks or others in the store, and 1.22% in the customers' homes.

Q.2.—Do your customers ever fill out their own applications?

R.—151 said "No" and 82 said "Yes". Of these 82, 27 said they used this method as a regular procedure, 32 said only in emergencies. 78.3% of the applications of those who use the procedure are taken by interviewers, 21.7% are filled out by customers.

Q.3.—Do you request information from customers as to the nature and amount of their outstanding debts to (a) store (b) personal loan departments of banks (c) small loan companies?

R.—Stores: Yes—51 No—178

Personal Loan Departments: Yes—57 No—158
Small Loan Companies: Yes—55 No—161

Q.4.—Roughly what percentage of your applications are processed through the following methods: (a) Credit Bureau; (b) Litigation services; (c) Investigation by your own staff?

R.—95.48% of their applications are cleared through credit bureaus. 6 members reported using independent litigation services on 20.5% of their accounts; 67 members reported doing their own investigation work on 18.9% of their applications.

Q.5.—Do you clear any of your trade or other credit references direct?

R.—161 said "No", 75 said "Yes". Those who clear direct report 90% of their references cleared through the bureaus; 10% direct. 5 members said: "clear direct in emergencies only;" 1 in rush cases; 4 when no file in Bureau, 2 clear out of town references direct.

Q.6.—Do you order any of the following reports from out of town sources direct instead of through your local bureau: (a) Trade reports; (b) Special reports?

R.—On Trade reports, 216 said "No", 17 said "Yes". On special reports, 198 said "No", 18 said "Yes".

Q.7.—In what manner do you send your inquiries to the Bureau?

R.—(a) By sending carbon copy of application: 54.
9 send in original application; Bureau types report on it and returns it to them.

(b) By re-copying information on inquiry ticket: 23

(c) By telephone: 187

(d) By TelAutograph: 37

(e) By Teletype: 2

(f) By messenger: 51

Q.8.—About how much time transpires between the taking of the application and its delivery to the Credit Bureau?

R.—40 said "immediately", 21 said "same day", 5 reported messengers pick up twice to four times a day, 2 stated "3 times a week". 160 members reported their elapsed time in hours, the average time between taking of application and delivery to credit bureau being 4 hours, 15 minutes. Of the 160, 75 members reported getting the inquiries to the credit bureau in 1 hour or less.

Q.9.—On approximately what percentage of your accounts do you draw: (a) Complete antecedent reports, at what cost? (b) In-file reports only, at what cost? (c) Trade reports only, at what cost?

R.—Members reported that they draw 37.2% complete antecedent reports, 39.6% in-file reports only, and 23.2% trade reports only in checking their risks. Average cost: \$1.076 for complete antecedent reports, 51.15¢ for in-file reports and 67.6¢ each for trade reports.

Q.10.—Approximately what is the average time consumed by the Credit Bureau from receipt of inquiry to delivery of reports to you?

R.—Replies on the various types of reports averaged as follows: (a) Trade reports 1.3 days; (b) Antecedent reports, 6.2 days; (c) In-file reports, 8 hours 12 minutes. On in-file reports, however, 59 members reported they received the information (immediately) by phone or TelAutograph; these are not included in the average elapsed time.

Special Services of the Credit Bureau

Q.11.—What special services does the Credit Bureau give you, if any, to speed your credit granting function?

- R.—1. Immediate service on rush orders (15)
2. Direct line for file information (21)
3. File reports by phone on request, immediately (15)
4. Rush information given by telautograph (7)
5. File information is ditto-copied and sent to member; they accept file or order further information if necessary.
6. Send us advance information on incomplete investigations. Rush trade check at 10¢ extra.
7. Render messenger service (14)
8. Summarized file reports written on original application and returned.
9. Give us almost all reports by phone.
10. Make periodic surveys to determine cause of slow replies and furnish members lists of the stores responsible for slowness.
11. Issue rating book (3)

Q.12.—Do you consider the service rendered by your Credit Bureau on Trade, In-File and Antecedent reports excellent, good, fair, sub-standard, very poor?

R.—Trade and In-file reports:

Excellent—74; Good—120; Fair—28; Sub-standard—4; Very poor—2.

Antecedent reports:

Excellent—52; Good—100; Fair—46; Sub-standard—5; Very poor—2.

Q.13.—What form is used by your local credit bureau for complete reports: Questionnaire type, narrative, or combination type?

R.—Questionnaire type—65; Narrative—45; Combination—94. 1 reported getting only verbal reports; 1 gets reports only by Teletype.

Q.14.—About how many minutes on the average do you estimate it takes you to read and analyze your antecedent reports?

R.—The average time reported was 5 minutes and 16 seconds per report.

Q.15.—What method do you use for permanent recording of the credit information in your files?

(b) Do you destroy the original data after copying or coding?

(c) Please describe any other devices used for recording data.

R.—Credit information is filed intact in application file—155; Re-copied on credit history record—70; Coded or abbreviated on credit history record—19.

(b) Yes—22; No—26.

(c) 1. On phone reports, information is copied and placed on loose leaf form in binder.

2. At intervals reports are photographed and destroyed.

3. Information typed on back of application; re-copied on 3 × 5 card for permanent files. Applications are kept in separate file.

4. Information taken on original sales contract, and all but personal references transferred to account card.

5. Trade copied on application, which is permanent record. Special report filed in 5 × 7 envelope.

6. Information typed in proper form on back of application which is part of permanent record. Typist wears a headset, takes information from Bureau by phone.

7. Use envelope application form which is filed with TelAutograph tape inside.

8. Data entered in code on record, and bureau report filed elsewhere.

9. Typed on back of application by Bureau (4)

Q.16.—Have you ever experimented with or adopted any unusual method of coding credit information or reducing it to symbols or points?

R.—No—207; Yes—21.

Q.17.—Do you favor having the Credit Bureau rate the risk according to the data compiled in the report, for quick reference, as wholesale agencies do?

R.—Yes—73; No—155.

Q.18—Would you prefer your reports written so as to eliminate all unnecessary words, with such brevity as is used in telegrams, for example?

R.—Yes—131; No—89.

Q.19—Assuming that an antecedent report is evaluated at 100 points, how many points would you assign to the following features of the average report, from the standpoint of its value or importance to you in checking a risk:

R.—(a) Verification of personal identity and residence address: 29.6%

(b) Verification of employment and earnings: 40.2%

(c) Ownership of property: 17.7%

(d) Bank information: 12.5%

Q.20—Approximately what is the average cost per account to you for credit information and investigation on new or re-opened accounts?

R.—Average cost reported as 95.6¢ per account.

Q.21—After what period of inactivity do you revise your credit information?

R.—153 stated an average time of 2 years and 3 months elapses before they revise records; term varied from 6 months to 5 years; one reported 10 years.

Other replies: Depends on type of account—5
Only when special occasion arises—18

Depends on past paying habits—2

Depends on trends of times—2

When they become slow or inactive—5

Q.22—About how many references a day do you clear for (a) your credit bureau? (b) direct inquirers?

R.—(a) The average number of references answered was 39.4 per day. Figures ran from 1 per day up to an average of 300 per day. 12% of the members reporting stated they handled 100 or more a day.

(b) Average number of references cleared for direct inquirers was 9 a day.

Q.23—Do you report to the Bureau all derogatory information on—

R.—(a) Accounts closed for slow pay, attorney, P & L, or repossession? Yes—194; No—34.

(b) Shoplifters? Yes—112; No—100.

(c) Insufficient funds, checks and frauds? Yes—136; No—87.

(d) Dishonest employees? Yes—72; No—144.

Following are a few conclusions which I believe may logically be drawn from the results of this survey:

1—With 9 out of 10 credit applications being taken properly in the credit office, there is no reason why complete names and identification should not be obtained on all but a small proportion of the applications.

2—There is plenty of room in most organizations for exploiting the possibility of having customers fill out their own applications, with assistance from the Credit Department.

3—Consumer credit granting organizations are co-operating closely with their Credit Bureaus, and less than 5% of their applications are withheld from the central system of clearance and passed on some other basis.

4—Direct inquiries are not an important threat to the effectiveness of the retail system of credit interchange.

5—Speed and labor-saving are being accentuated in the systems of communication between credit department and credit bureau.

6—Trade reports and in-file information are used in checking 62.8% of the risks, at moderate cost.

7—On the whole, services rendered by credit bureaus are good or excellent; there is room for improvement in 15 bureaus out of 100.

8—Credit grantors do not rush their analysis of credit reports (average time 5 minutes 16 seconds).

9—There is considerable room for improvement in the methods of permanently recording credit information. A majority of the credit departments still file the original credit information intact in an application file, which is a space, time and motion consuming operation. Only 1 out of 10 has experimented with or adopted a method of coding information or reducing it to symbols or points.

10—1 out of every 3 credit grantors favors having Credit Bureaus rate the risk for quick reference, as wholesale agencies do. 59% of the credit grantors favor elimination of all unnecessary words in credit reports.

11—Evaluating credit reports (exclusive of trade information), credit managers evaluate "verification of employment and earnings" as the most important factor (40.2%), "verification of personal identity and residence address" second (29.6%). Ownership of property is third (17.7%) and bank information least important (12.5%).

12—The average cost for opening account (for credit information) is 95.6¢.

13—Most credit departments revise information on re-activated accounts only when the account has been inactive for over two years.

14—15% of the credit departments do not report regular derogatory information to Credit Bureaus; on bad checks and frauds 39% do not report. ★★★

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"Forgive Us Our Debts"

WAIGHTS M. TAYLOR, Editor, *Our Southern Home*, Livingston, Alabama

THIS LITTLE essay is no apologia for dead beats. It is concerned with those untold thousands of us who are making an honest effort to pay our bills. In that spirit it is addressed to the credit managers of America in behalf of all the haggard husbands and worried wives for whom the first of the month is a nightmare, not to mention all the other days that notes and bills and installments fall due.

From us, then, who are broken on the wheel of the easy payment plan to you who set the wheel in motion: It is not that we are not sold on the great American system of mass production and consumption. We are oversold. We bought not wisely but too well. We are victims of the advertisers' magic. We believe what the copy writers say. In our efforts to keep the American standard of living at an all-time high we have become consumers with galloping consumption. In the process we have developed a fine spiritual kinship with the squirrel on a treadmill.

How did we get this way? Well, we were suckers for the idea that the new automobile must have every "extra" in the book, from bumper to bumper. We are the unfortunates who were weak enough to sign on the dotted line just to get rid of a persistent salesman. We are the chaps who knew we would be able to handle the payments on that fur coat. Well, our wives knew, anyway. We kept the coffers of many an insurance company bulging with lapse money on policies we knew we'd never be able to keep in force.

We believed the man when he said we could not dare keep house without a vacuum cleaner, washing machine, dish washer, new range, refrigerator, television set, radio-phonograph, and a stack of long-playing records. It was not the same man in every case, but each one made it sound so convincing. Now that we are in this jam, what are we doing about it? Between spells of utter desperation and melancholia we are working, like the patient little beavers we are, to pay for all this merchandise we have accumulated.

You see, dear credit managers, we know that you like to keep all your accounts up to date. No doubt the boss is breathing down your neck, too. The only trouble is that we are becoming unbalanced trying to keep you in balance. Do you know what lies behind those typed and pencilled notations to which you refer so calmly as "ledger experience" on "accounts receivable"? It is, nights of torment, days of anxiety, indigestion, rash, allergies, headaches, frigidity, rising hip-joint and fallen arches.

We used to enjoy getting mail. But now the postman's ring has the sound of a death knell. With nervous hands we look through the letters, hoping your dun will not be there. It always is. We used to skip with light abandon to the telephone whenever it rang. Now it rings in the pit of our stomach. Only by a supreme effort of will do we answer it at all. As for a request to return a call to a strange number, that leaves us cold and clammy. We timidly dial the figures, hoping you will not answer. You always do.

We used to enjoy talking with our wives. Now we only glare and snap at each other. To us every day is due day. Other people mature gracefully; the only maturity we know is that of a note at the bank. For our pains we have now a distorted and foreshortened conception of time. Weeks and months have lost their familiar shapes. They are nothing but hazy fogs surrounding the jagged rocks of financial obligations. The seasons are telescoped into a formless mass of dread anticipation. Nothing destroys time like an easy club plan. Agony, frustration and good intentions are not a medium of exchange; they are not a coin that will show on your books. We understand that. But if only you had some way of giving us credit for the hours we spend thinking about you. So often you are such a swell guy. That is what makes our burden doubly hard to bear.

And the most terrible curse about the whole thing is this: When one of our contracts is finally paid out, we actually find ourselves missing it. The conditioned reflex is too strong. Accustomed to our prison cells, we are blinded by the sun. On the high plane of poetry and philosophy, perhaps, tomorrow never comes; on the installment plan it always does. But we are incurable optimists, convinced that things will get better. They never do. They get worse. ★★★

CREDIT MANAGERS TEACH US SOMETHING NEW EVERY WEEK!

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- ★ A leading New York store opens a suburban branch and solicits new charge accounts.

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Long-Term Credit

J. BILGER BRONSON, Credit Manager, Rochester Hospital Council, Rochester, New York

WE SHALL always have the problem of long term credit and its degree will follow pretty much the peaks and valleys of economic conditions. Sound methods properly carried out can hold the problem to a minimum and reduce the mechanics to routine.

Before getting into discussion of some of the mechanical means we employ in our hospitals and the Hospital Council in Rochester, New York, I should like to remark on the fact that through close working relationship and committee action in the Council we have developed relatively uniform methods of handling all credit problems and have prepared a credit manual which in principle serves as a guide for those in the hospitals who are responsible for the credit function. This manual is simple in content but it recognizes sound business principles and the fact that slipshod as well as restrictive practices result in poor public relations. To that end our Council Public Relations Committee, which is made up of non-hospital business people, was very helpful. The manual has been accepted by our six member hospitals and we believe that its use will pay dividends, both in lower collection costs and in good public relations.

Most of the long term credit in our community is in the hands of one agency representing the six hospitals. There is no doubt that by this means total expense in handling is minimized, yet the mechanical function within the Council is one that can be used by a single hospital. Most collection routines are comparable. Yet once in awhile a new twist, a better letter or a different form presents a new approach and makes one system more effective than another.

I believe that any good system of long term credit must be based on maintenance of a definite rhythm in collection efforts. And by rhythm I do not mean monthly statements. I really believe that if one took all the monthly statements that are sent out and filled all of the round files into which they are discarded, we would have enough round files to reach to the moon. One or two statements are probably necessary and should be sent as I am a firm believer in the personal touch. The average person is credit conscious and the hospital bill is no different than any other. The best effort, and that is usually the personal effort, enjoys better collection results and with a proper maintenance of good relations.

The rhythm I refer to should be steady and of increasing force, one to break down the pay resistance of the debtor. This can be accomplished with a series of well-worded letters and notices. Such letters should follow the first or second statement after discharge and the extent of their use in lieu of personal contact should be determined by the original credit report of the debtor. There should be no let-up or lost motion in the rhythm until the amount is collected in full or is judged worthless.

One of the first steps in a good credit procedure is to make certain that bills go out promptly. Subsequent mailings should be equally prompt. If follow-up letters are to be used a first one should follow in about 15 days. Such a letter should be written in friendly tone calling attention to the pertinent facts. This can be a form

letter personalized with proper fill-ins. If the account is one for which agreement was made, that agreement should be called to attention with a statement of due date. If it is an account for which no agreement was made and the person's credit report was good, a simple statement stressing the need for an understanding (since the hospital is dependent on current income) often bears fruit.

If no reply is received, either by way of payment or promise, a second, somewhat stronger letter should follow in about two weeks. Such a letter should re-emphasize what was said in the first letter and should call attention to the fact that the debtor did not reply to the first letter. The debtor should be requested, if payment cannot be made at the time, to write, phone or make a personal contact for the purpose of establishing agreeable terms. Such a letter often liquidates or sets up regular payments on an additional number of accounts.

By now you are getting down to the problem children, the ones that do not respond to the accepted methods and the ones that increase your collection costs. Some of you might wish to send a third letter, a stronger one. Or some may wish to switch over to telephone or personal contact. It should be a matter of judgment by the person responsible.

You will gather from what I have said so far that accounts need individual handling. I believe it. If you are going to extend credit at all, then you must plan properly to deal with the problem. In my office we handle approximately 12,000 accounts yearly for six hospitals. At the end of each day, I must look briefly at each of about 200 accounts. I do this after one of the clerical assistants removes all accounts who are to receive past-due notices. I must determine what next step should be taken. It may be a dictated letter, it may be a phone call, it may be a personal call at home or on the employer or it may be a final demand before litigation. With the large volume of personal calls it is necessary to sort out collection routes.

By this time I think you will gather that, in addition to those accounts which have been paid in full, we have set up a good many accounts which have agreed to regular monthly or weekly payments. And, of course, there are still those which remain troublesome. Those which have signed installment notes or have otherwise agreed to regular payments follow another definite routine. Fortunately, if the agreement is soundly made, payment is eventually made with little additional follow up. Proper handling at the time agreement is reached has its simile in the personal loan departments of banks. There it is axiomatic that a loan well-made is half collected. Relating this phase of our work to the hospital proper implies that if long term credit is indicated while the patient is in the hospital, then the employer or officer responsible should reach sound agreement while the patient is being hospitalized. Of course some of these accounts will find their way back into the letter, telephone and collector routine. And if they do you have the added lever of a broken promise.

Never minimize the use of the telephone. Our experience has shown that telephone contacts bring about 40 per cent immediate results and immediate results mean payment. In the long run it is inexpensive and effective. It is always proper to call the debtor at his home if he has a telephone. It is less expensive than to send a collector to the home. If he does not have a phone the use of a "Criss-Cross" phone directory very often locates a neighbor's phone to which the debtor may be called. The "Criss-Cross" is a decided help too, in locating skips. If a phone call at home brings no results try phoning the debtor at his place of employment. If he cannot be called to the phone, leave a message. If that does not help, talk to his employer.

And that opens an entirely different field. Establish and maintain good contacts with all major employers in your community. Let them know your problems and make them understand, both by words and actions, that you came to them for assistance only as a last resort. When you have to sue or garnishee let them know that you appreciate the help they have given and that you are taking this final action. We have found that following this approach often results in willingness on the part of the employer to either lend sufficient money to pay in full or make salary deductions in lieu of garnishee.

Be careful in the selection of employees who will use the telephone or do outside contact work. They should have pleasing personalities. They must like people but they must be pleasantly firm. They must be understanding but they must know their responsibility. The person on the phone must have a pleasant, well-modulated voice. The outside representative must be personable and forceful but not obnoxiously aggressive. In contact with the debtor no employee should discuss personalities or become involved in irrelevant small talk.

If you employ outside representatives, insist that they do not establish collection routes. They are not worth the time they take. If a home contact does not result in full payment we insist that a responsible family member, preferably the wage-earner, call at the office or hospital to make terms for regular payment. If terms have already been made and have not been kept, always recall them when personal contact is necessary. Very often economic conditions in a family change and it may be necessary to make different terms. After all credit is premised on the fact that 95 per cent of the people are honest and want to pay their bills. Do not lose your temper. Be helpful and your problem may well be minimized.

If your community has a credit rating bureau, look into the quality of its reports and make use of its services. You will find the cost an investment not an expense. All our hospitals get routine reports on admission, both elective and emergency. It helps them because it prevents many accounts from coming to the Council for collection. When an account is assigned to my office a routine report of balance due is listed with the Bureau and major as the task may seem, it is worth the effort because it collects money. Reputable business firms and banks all clear through the Bureau and most refuse new credit until a hospital debtor has paid or made satisfactory terms with the hospital or Council.

If you do not employ an outside representative or collector I would suggest that you retain the services of the collection agency of your Credit Bureau or attorney.

Be cautious about the selection of an agency and check regularly on its treatment of your accounts after you have retained the agency. All too often collection agencies skim off the cream and return more difficult accounts as uncollectible. We believe that attorneys give better results and it is my suggestion that they be used in preference to the usual collection agency.

When all efforts have proved fruitless I would not hesitate to sue if such action is justified. I know some hospitals refuse to sue, yet if hospital care is provided in good faith and there is no reason for non-payment, I cannot believe that it is unreasonable to use all legal recourses for recovery. Before suing we determine if the debtor has income or property which can be attached. We do not sue where the balance due is less than \$25.00 as the amount is hardly worth the additional expense. When we give an account to an attorney we have done everything possible to secure payment and our instructions are to start suit immediately.

And so the process goes on. Develop a sound follow-up system for those accounts which are going to be carried on a long term basis. Be diligent and systematic, doing things routinely but with the personal touch. Work on such accounts when they are young because such accounts are worth only 50 per cent of their balance when they are only six months old. Do not waste time on accounts that investigation proves worthless. I think you will find that good business-like methods will impress your community, and in improving your collection experience you will not antagonize those who owe the hospital money but you will improve the hospital's relations with the community. ***

You and Owe



You may risk greater loss through interruption of business for which you extend credit than may result from destruction of physical properties alone. We'll explain the how and why of U. and O. (Use and Occupancy) insurance if you'll mail us this advertisement clipped to your letterhead.

THE PHOENIX-CONNECTICUT GROUP OF FIRE INSURANCE COMPANIES HARTFORD, CONNECTICUT

Combined Statement December 31, 1949

Assets - - - - -	\$128,195,440
Liabilities - - - - -	63,268,050
Surplus to policyholders - - - - -	64,569,075
Losses paid to December 31, 1949 - - -	462,311,853

Necessity For Good Public Relations

MARGARET L. COAKLEY, *Credit Manager, Shartenberg's, New Haven, Connecticut*

(An address before a recent meeting of the Credit Women's Breakfast Club of Boston)

THE BASIC necessity of good public relations through your credit department is good morale among the workers in that department. You all know that your credit department is a customer service. From a public relations point of view, a dissatisfied employee can become a source of serious ill will. Therefore, good morale is the cornerstone for good public relations. You cannot buy good morale with high wages alone. Good morale must be painstakingly built by providing the job satisfaction that the average person wants. It is something that cannot be accomplished alone by the personnel department and training program. A good human relations program has its relationship between workers and department managers and supervisors.

Skill in dealing with workers requires an innate liking for people, but it can be developed by training and experience. The success or failure of any department in a store depends largely upon the supervisors and department managers. Your personnel manager, employment manager, or you, as the case may be, will endeavor to select the right person after proper screening for the position in the credit department, keeping in mind the need for promotional material. This person will go through the training program necessary for the position. However, remember that training does not end with this indoctrination course, but should be continued by immediate supervisors. The training department can do so much, the rest is up to good leadership and expert knowledge of human relationships because retailing in all phases is based on human relationships.

How to Handle Employees

When you have a new machine installed in the office, a handbook comes with it giving directions for keeping it in good operating condition. It tells you what to do when it breaks down. Perhaps a mechanic, specially trained to adjust, repair and maintain comes to assist you. You do not get a handbook with people. Even with experienced employees it is often necessary to make adjustments, eliminate friction, or repair human breakdowns. How are you to accomplish this? How sound is your relationship with your employees? Do you guide or drive them? Do you inspire enthusiasm or fear? Do you try to make work a pleasure or a drudgery?

You must train your people to do what you want done when it should be done and according to standards of performance. To obtain this objective you must work with your people in such a way that they get personal

satisfaction and enjoyment while at work. Each employee as an individual is your store to the customer. If his or her attitude is pleasant and gracious, the customer's impression of the store is a happy one. A customer's irritation melts in the warmth of courtesy, whether it is a personal contact or by telephone.

Through employee personal satisfaction and enjoyment of work, your customers will also have a personal satisfaction in being treated in a manner that indicates a personal interest in them. The employee who has the feeling that he or she is being ignored begins to feel that the job is unimportant. Psychologically it is an error to pay too little attention to your workers. He or she will tell the customer how unhappy he or she is and what an unsatisfactory place the establishment is in which to work.

Up to now I have discussed human relationship, proper training, etc. You, no doubt, are or have been saying to yourself, "Why doesn't she be more explicit, or explain to us the way to accomplish good employee relationship and proper training?" The following should help you in building sound human relations with your employees.

Where most of us fail in our training is that we have assumed that people hear what they are told. Also, we have assumed that if we give explanations clearly and logically, these will automatically get across to the minds of our workers. This is not always true, because people hear things in terms of their own feelings, and of their own personal situations. For example, human beings are prone to accept things in an optimistic light, if they are optimists, just the same as born pessimists will picture the pessimistic side of instructions given to them. The optimist will react—"Oh sure, I can do that," and without too much thought will go ahead and do a haphazard job, while the pessimist will think, "Oh, that is impossible to do," and attack the new work with that poor attitude.

Be patient with your employees. Remember they are people and entitled to consideration and courtesy. B. W. Elsom, Personnel Superintendent, The Boston Store, Milwaukee, Wisconsin, has said that the philosophy of the supervisor's responsibility in the matter of teaching his workers has been boiled down into a nine-word sentence, "If the learner hasn't learned the teacher hasn't taught."

Instructions for a Training Program

Follow these instructions to help you in your training and to help in building high morale in your Credit Department:

1. *Develop ability to handle people.* Such a skill is not a mysterious gift which a person either has or must forever go without. Study the methods of skilful leaders so that you will be able to analyze human relations problems. Continue to educate yourself to bring about constant improvement in your techniques.

(Turn to "Public Relations," page 31.)

*Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive.*

Author of N.R.C.A.'s Textbooks Honored

DR. CLYDE WILLIAM PHELPS, author of *Retail Credit Fundamentals*, has been appointed Head of the Department of Economics at the University of Southern California. During the past twenty years, Dr. Phelps has been closely associated with the National Retail Credit Association and has attended most of the Annual International Consumer Credit Conferences of the N.R.C.A., as well as many regional meetings. He delivered major addresses before the Toronto convention in 1930, the St. Louis convention in 1931, and the Memphis convention in 1934, and then undertook the preparation of Official Textbooks on retail credit for the National Retail Credit Association.

The present nation-wide Educational Program of the National Retail Credit Association was set in motion in the early thirties by Lindley S. Crowder, who was inaugurated as General Manager-Treasurer of the Association in 1934. At the Omaha convention in 1935, Dr. Phelps was authorized to prepare an elementary text on retail credit which would be published by the National Retail Credit Association as its Official Textbook for its members. In conducting Credit Schools in the past, members had been under the necessity of making use of whatever textbooks happened to be available on the market.

The new Official Textbook, entitled *Retail Credit Fundamentals*, was completed in three years. It was published in 1938 by the National Retail Credit Association and became the most successful textbook on retail credit ever issued by any publisher. After six printings of this first edition, a second edition was brought out by the National Office in 1947. Dr. Phelps is now preparing a third and enlarged edition of *Retail Credit Fundamentals*. As in the case of the first two editions, the manuscript for the new third edition is being read and revised by General Manager-Treasurer L. S. Crowder, Secretary and Research Director Arthur H. Hert, Educational Director Leonard Berry, Chairman of the Educational Committee Frederick W. Walter, and members of the Committee. In this way, the Official Textbooks of the National Retail Credit Association are carefully developed to meet the practical needs of its members as well as the requirements of universities and colleges.

In 1947, Dr. Phelps completed the preparation of the Official Handbook of the National Retail Credit Association, entitled *Important Steps in Retail Credit Operation*, which was published by the National Office in the same year. This 72-page cloth bound book is used as a training manual in the credit departments of members of the Association, and is also widely used as a textbook for short courses, or refresher courses, in retail credit.

After the publication of *Retail Credit Fundamentals*, Dr. Phelps undertook the preparation of a second major textbook for the N.R.C.A.'s Educational Program. This Official Textbook, entitled *Retail Credit Management*, was published by the National Retail Credit Association in 1949. This is an intermediate textbook. It takes up where the elementary text, *Retail Credit Fundamentals*, leaves off and carries the student on to higher levels in his understanding of the principles and practices of retail credit. Thus, Credit Schools using *Retail Credit Manage-*

ment as the textbook are composed of credit executives, assistant credit managers, supervisors, and experienced credit department personnel who wish to forge ahead to increasingly important positions in the field of credit and retailing.

One of the characteristics of professions (as distinguished from mere trades) is that a profession requires the mastery of considerable textbook knowledge in addition to practical experience in the field of work concerned. In case a sufficient number of the members of the National Retail Credit Association are interested in carrying retail credit work onward and upward toward the status of a profession, Dr. Phelps may be called upon to prepare an advanced Official Textbook on the *Economics of Retail Credit*. Then, members of the N.R.C.A. would have available textbooks covering all aspects of the science and art of retail credit, elementary, intermediate, and advanced, so that a complete Educational Program could be achieved for the advancement of ambitious men and women in the field of retail credit.

For twenty-one years, Dr. Phelps served the University of Chattanooga as Professor of Economics and Head of the Department of Economics and Commerce. He was the first Chairman of the Division of Social Sciences at the University of Chattanooga, where he was an enthusiastic teacher and a friendly adviser to students, stimulating many of them to graduate with honors. Dr. Phelps devoted much of his time to helping the business firms of his community and working with the local retail credit men's association and the credit bureau. His widely used textbooks on banking and on *Retail Credit Fundamentals*, as well as a series of influential monographs and articles on consumer credit, were published while he was at the University of Chattanooga.

In 1946, Dr. Phelps took a leave of absence from the University of Chattanooga to serve as Associate Professor of Economics at the University of Southern California, which retained him, promoting him to Professor of Economics in 1947 and making him a member of the faculty of the Graduate School. His appointment as Head of the Department of Economics became effective September 1, 1950.

Credit Schools Now in Operation

The following Credit Schools are now in operation using *Retail Credit Fundamentals* as the official textbook: University of Pennsylvania, Philadelphia, Pa.; University of Houston, Houston, Texas; University of Chattanooga, Chattanooga, Tenn.; Loyola University, New Orleans, La.; Youngstown College, Youngstown, Ohio; City College of New York, New York, N. Y.; Long Island University, Brooklyn, N. Y.; East Los Angeles Junior College, Los Angeles, Calif.; Retail Merchants Credit Association, Los Angeles, Calif.; Credit Granters Association of Ottawa, Ottawa, Ontario, Canada; Associated Retail Credit Men of Chicago, Chicago, Ill.; Anderson Retail Credit Association, Anderson, Ind.; Business Institute, Downtown School, Detroit, Mich.; Retail Credit Association of Minneapolis, Minneapolis, Minn.; and Rockhurst College, Kansas City, Mo.

EXCERPTS FROM REGULATION W

FOLLOWING ARE excerpts from the new Regulation W which became effective September 18, 1950. If you are interested in obtaining a complete copy of the Regulation, it may be secured from the Federal Reserve Bank in your district.

SECTION 2. GENERAL REQUIREMENTS AND REGISTRATION

(a) **General Requirements.**—Each person engaged in the business of making instalment sales¹ or instalment loans,² or engaged in the business of lending on the security of or discounting or purchasing obligations arising out of such credit, is referred to in this regulation as a "Registrant"; and no Registrant shall make or receive any payment which constitutes or arises directly or indirectly out of any such credit extended by him or out of any such obligation lent on or discounted or purchased by him, except on the following conditions:

(1) He must have a license, and each Registrant is hereby granted such a license, but such license of a Registrant may be suspended in the manner and on the grounds stated in section 8(b); and

(2) The credit extended, renewed, revised or consolidated by him, or giving rise to the obligation discounted or purchased by him or acquired by him as collateral, must comply with the applicable requirements of this regulation.

(b) **Registration.**—Within 60 days after the effective date of this regulation, or 60 days after he becomes subject to section 2(a), whichever is later, each Registrant shall file, with the Federal Reserve Bank or any branch thereof in the district in which the main office of the Registrant is located, a registration statement on a form obtainable from any Federal Reserve Bank or branch. Such statement shall be filed regardless of whether or not the Registrant had filed such a statement under Regulation W as in effect at any time prior to the effective date of this regulation.

SECTION 5. RENEWALS, REVISIONS, AND ADDITIONS

(a) **General Requirements.**—In the case of an instalment sale or instalment loan which results from a renewal or revision of any instalment credit already outstanding, or which results from the combination of any such outstanding credit with an additional instalment credit, the renewed, revised, or consolidated obligation shall (regardless of when the outstanding credit originated) comply with all the requirements of this regulation as if it were a new credit except that:

(1) The requirements as to Statement of the Borrower and down payment or maximum loan value, if any, shall not apply to the outstanding credit already held by the Registrant; and

(2) The renewed, revised, or consolidated obligation may, in so far as the maturity and instalment requirements are concerned, be treated as if it were a new credit with the maximum maturity calculated from the date of the renewal, revision,

¹"Instalment sale" is defined to include only instalment credit arising out of the sale of an article listed in the Supplement, hereinafter called a "listed article."

²Both "instalment sale" and "instalment loan" are defined to exclude credits in a principal amount exceeding \$5,000. Certain instalment sales and instalment loans, including some that are in a principal amount exceeding \$2,500, are exempted from the regulation by section 7.

or consolidation. The payments on such renewed, revised, or consolidated obligation shall not be less than \$5 per month or \$1.25 per week on the aggregate instalment indebtedness of one debtor to the same creditor.

(b) **Calculating Date of First Instalment and Maximum Maturity.**—In calculating the maximum maturity of an instalment obligation, a Registrant may, at his option, use any date not more than 15 days subsequent to the actual date of the loan or delivery of the listed article sold; and except as permitted by section 6(a), the first instalment shall be scheduled for payment not later than one month or, in accordance with such option, one month and 15 days subsequent to the actual date of the loan or delivery of the listed article sold.

(c) **Record of Instalment Sale.**—The record of an instalment credit arising from the sale of a listed article and required by section 3(b) shall set forth (in any order) the following information:

(1) A brief description identifying the article purchased;

(2) The cash price of the article;

(3) The amount of the purchaser's down payment (i) in cash; and (ii) in goods accepted in trade, together with a brief description identifying such goods and stating the monetary value assigned thereto in good faith;

(4) The amount of any insurance premium for which credit is extended and of any finance charges or interest by way of discount included in the principal amount of the obligation, or the sum of these amounts;

(5) The time balance owed by the purchaser, which is the sum of items (2) and (4) minus item (3); and

(6) The terms of payment.

(f) **Delivery in Anticipation of Instalment Sale.**—Except as provided in the following paragraph, in case any listed article is delivered in anticipation of, or under any arrangement whereby delivery of a listed article precedes, an instalment sale of that article or a similar article (such as, but not limited to, a delivery "on approval," "on trial," or as a "demonstrator"), the Registrant shall require, at or before the time of such delivery, a deposit equal to the down payment that would be required on such an instalment sale.

In order to qualify as an exception to the preceding paragraph, the article must be an article listed in Group B or in Group C, the delivery must be exclusively for the purpose of a *bona fide* trial, approval, or demonstration, and the Registrant must, within 10 days after such delivery, obtain the down payment referred to in the preceding paragraph or the return of the article. Every such case shall be evidenced by a written agreement signed by the respective parties, of which a copy shall be given the prospective purchaser at the time of or before the delivery of the article, and such written agreement shall state clearly and prominently that (1) the delivery is exclusively for the purpose of a *bona fide* trial, approval, or demonstration, and (2) the prospective purchaser will make the required down payment (the amount of which shall be stated in the agreement) within 10 days after delivery of the article for trial, approval, or demonstration or will return or release the article within such 10-day period.

SECTION 8. MISCELLANEOUS PROVISIONS; DEFINITIONS

(a) **Preservation of Records; Inspections.**—Every Registrant shall preserve, for the life of the obligation to which they relate, such books of account, records, and other papers (including any statements or agreements required by or obtained pursuant to this regulation) as are relevant to establishing whether or not a credit qualifies for exemption under section 7, or whether or not it is otherwise in conformity with the requirements of this regulation, provided, however, that the Registrant may preserve photographic reproductions in lieu of such books of account, records, or other papers.

(4) **"Instalment Credit"** means a credit which the obligor undertakes to repay in two or more scheduled payments or as to which the obligor undertakes to make two or more scheduled payments or deposits usable to liquidate the credit, or which has a similar purpose or effect.

(7) **"Cash Price"** means the *bona fide* cash purchase price of an article (net of any rebate or sales discount), including the *bona fide* cash purchase price of any accessories, the *bona fide* charge for any services sold or financed in connection with the article, any *bona fide* charges for delivery or installation, and any applicable sales taxes, but excluding any charges for interest, finance, or insurance.

SUPPLEMENT TO REGULATION W

Part 1. Listed Articles, Down Payments, Loan Values.—For the purposes of Regulation W, the following articles, whether new or used, are "listed articles," and the following required down payments and maximum loan values are prescribed (such down payments and loan values to be calculated as specified in Parts 4 and 5 of this Supplement); but such *down payment and loan value requirements* shall not apply in the case of a listed article having a cash price of less than \$100, exclusive of any applicable sales tax:¹⁰

Group A—33⅓ per cent minimum down payment, 66⅔ per cent maximum loan value:

1. Automobiles (passenger cars designed for the purpose of transporting less than 10 passengers, including taxicabs).

Group B—15 per cent minimum down payment, 85 per cent maximum loan value:

1. Cooking stoves and ranges, designed for household use.
2. Dishwashers, mechanical, designed for household use.
3. Ironers designed for household use.
4. Refrigerators and food freezers, mechanical, designed for household use.
5. Washing machines or clothes drying machines designed for household use.
6. Combination units incorporating any listed article in the foregoing classifications of this Group B.
7. Air conditioners, room unit; dehumidifiers, mechanical.
8. Radio or television receiving sets, phonographs, or combinations.
9. Sewing machines designed for household use.
10. Suction cleaners designed for household use.

¹⁰The exclusion of sales taxes in this part of the Supplement does not affect the use of the term "Cash Price" elsewhere in the regulation. "Cash Price" as defined in section 8(j) (7) generally includes applicable sales taxes.

Group C—10 per cent minimum down payment, 90 per cent maximum loan value:

1. Furniture, household (including ice refrigerators, bed springs, mattresses, and lamps); and floor coverings, soft surface.

Group D—10 per cent minimum down payment, 90 per cent maximum loan value:

Residential repairs, alterations, or improvements.—

Materials, articles, and services (other than articles listed elsewhere in the Supplement) in connection with repairs, alterations, or improvements upon urban, suburban, or rural real property in connection with existing structures. This does not relate to structures, or distinct parts thereof, which as so repaired, altered, or improved are designed exclusively for nonresidential use.

Part 2. Maturities.—The maximum maturities for listed articles and for unclassified instalment loans are:

Group A	21 months
Group B	18 months
Group C	18 months
Group D	30 months
Unclassified Instalment Loans	18 months

Part 3. Refinancing Pursuant to Statement of Changed Conditions.—The maximum maturity of any refinancing pursuant to a Statement of Changed Conditions as specified in section 5(b) is 24 months.

Part 4. Calculation of Down Payments for Automobiles.—The maximum loan value of any automobile shall be the specified percentage of the cash price or of the "appraisal guide value," whichever is lower, and the required down payment shall be the difference between the cash price and the maximum loan value as so calculated. Such required down payment in the case of an automobile may be obtained in the form of cash, trade-in, or both.

"Appraisal guide value," for any given period, means the estimated average retail value as stated in the edition and issue designated by the Board for that period of any regularly published automobile appraisal guide designated by the Board for this purpose, as to guide, edition, and issue, for use in the territory in which such automobile is sold, plus any applicable sales taxes. Information as to the guide or guides, and editions and issues thereof, designated for any given territory may be obtained from any Federal Reserve Bank or branch.

Part 5. Calculation of Down Payments for Articles in Groups B, C, and D.—In the case of any article listed in Group B, Group C, or Group D, the required down payment and the maximum loan value shall be (1) the specified percentage of the cash price of the article, or (2) in the event of a trade-in by the purchaser, the specified percentage of the *net price* of the listed article after deducting from the cash price of that article the amount allowed for the trade-in. Such down payment shall be obtained in cash in addition to any trade-in.

If the cash price of an article listed in Group D cannot be determined at the time the required down payment must be obtained or at the time of the loan, (1) the Registrant may substitute for the cash price in calculating such down payment a *bona fide* estimated cash price, or (2) the borrower may substitute for the cash price, and in calculating the maximum loan value the Registrant may rely in good faith on, a *bona fide* estimated cash price as so stated in the Statement of the Borrower. ***

Tacoma Celebrates Membership Victory

Local Association Wins in N.R.C.A.'s 1949-50 Membership Campaign

MEMBERSHIP ACTIVITIES of the Tacoma Retail Credit Association, Tacoma, Washington, for the past two years, centered on two types of effort. One, which is perhaps the most important, was a day-to-day, year-round selling program for the purpose of which it was found worth while to keep a full-time service representative working continuously in the field. His job was, and still is, to spend time making contacts with non-member firms, explaining the service and, most particularly, attempting to find out how the Credit Bureau could best serve their needs. This latter work was especially important in enabling the bureau to adapt its service to a point where it became increasingly valuable to many small users. Member firms also received regular attention with a view to increasing their satisfaction with the services rendered.

Supplementing this effort, the association put on two membership drives, one in the year ending May 1949, and a similar one in 1950. These drives were scheduled for a period of six weeks, and took the form of intensive campaigning, spearheaded by a committee appointed by the officers of the credit association. This teamwork was important as members were drawn into participation, assisting in compiling lists and contacting membership prospects. In this way the full load did not fall entirely on the regular staff of the Credit Bureau and a cooperative spirit was developed.

Just prior to the start of the 1950 drive it was decided to employ a full-time publicity director, and during the drive the publicity department bent its main efforts to stirring up enthusiasm among members, appeals for participation in the drive, and carrying out a direct mail campaign to prospects. The drives during both years were quite successful, raising the membership from an initial number of 192 full dues-paying members to a high of 550.

Several additional steps had meanwhile been taken. The Tacoma Retail Credit Association passed a ruling that no one could belong to the Credit Bureau without belonging to the Association, and vice versa. A second resolution was passed which eliminated all associate

memberships and provided that anyone must be a full-fledged member of the National Retail Credit Association as well. The financial policy was altered to do away with the minimum charge and substituted in its place only nominal dues, reports to be charged as ordered. This proved particularly popular with small users who frequently did not use all the reports they paid for and was a means of aiding the campaign.

The Association expects to grow some more, but not right away. At present the emphasis is being put on the development of a program designed to give maximum value and prestige to membership in the organization. The object is to have, and keep, permanent, satisfied, user members. If there is such a thing as a formula for success, it is that success which will come when the businessmen of the city believe in the Tacoma Retail Credit Association. When they want to join, they deem it a privilege to belong. When they feel that, an organization is made. That is what the Tacoma Association is trying to bring about now.

The net result of the 1950 membership drive was that the Tacoma Association won the N.R.C.A.'s membership prize for securing 253 new members, the largest number of any Association in the United States. Los Angeles was second with 233 new members and Pittsburgh was third with 201 new members. To celebrate the victory the Association held a victory dinner on June 22, 1950. Shown below are the dignitaries seated at the speakers' table. Left to right, are: Phil Schroeder, Phil Schroeder Inc., Director, District Ten, N.R.C.A.; C. F. Elder, Kegels, Inc., President, Tacoma Retail Credit Association; Dr. Nathaniel Engle, University of Washington, guest speaker; John Schlarb, Jr., Secretary, Tacoma Retail Credit Association; Elizabeth Schlarb, Publicity Director, Tacoma Retail Credit Association; A. E. Saunders, Puget Sound National Bank, President, Credit Bureau of Tacoma and Membership Chairman; Mrs. A. E. Saunders, William Wiley Jr., St. Paul and Tacoma Lumber Co., Campaign Chairman; and Mrs. Mildred Baker, Washington Gas & Electric Co., Victory Dinner Chairman.



"BUY A BRICK" NEWS

A Novel "Buy a Brick" Idea

H. M. Tobolowsky, Secretary and Credit Manager, E. M. Kahn & Co., Dallas, Texas, not only sent the National Office a dollar for one brick in our new office building, but also a dollar for each of his five associates: L. N. Bromberg, President; E. K. Sanger, First Vice President; M. H. Sanger, Executive Vice President; E. W. White and Al Shack, Assistant Credit Managers. This answers the question as to whether members may buy additional bricks. *They surely can!*

"Buy a Brick" Comments

"I think Mr. Wolfinger's plan and campaign slogan, 'Be a Good Brick, Buy a Brick,' a wonderful idea and know it will go over 100 per cent. Am enclosing my dollar for a brick today."—Margaret Welch, Credit Manager, Iowa Clothes Shop, Council Bluffs, Iowa.

"This dollar is being sent to you in answer to Mr. Wolfinger's suggestion in the September issue of *The CREDIT WORLD*. I am proud to follow the leadership of Mr. Wolfinger and the heads of the National organization, and fervently pray that the 'Buy a Brick' campaign will be successful."—Joseph Greenstone, Credit Manager, Donenfeld's, Dayton, Ohio.

"I want to purchase the first 10 bricks for the permanent home of the National Retail Credit Association. It may be that someone will not purchase the last 10 bricks. We certainly cannot have an open hole at the northwest corner of the building. You may consider this letter your authorization to reserve the last 10 bricks for me if nobody else wants them."—Charles F. Sheldon, Manager, Philadelphia Credit Bureau, Philadelphia, Pa.

"Enclosed is our company check for \$50.00 which I am glad to have sponsored as a contribution to the N.R.C.A.'s building fund and, of course, as a tribute to you. Hope this, together with other contributions, will put the building in good shape, possibly free and clear."—Wm. H. Baldwin, Vice President, General Motors Acceptance Corporation, New York, N. Y.

Frederic P. Blint wrote, in part:

"President Wolfinger's announcement in *The CREDIT WORLD* was also noted and I would like to buy 50 bricks for the new office building. My check is enclosed."

Mr. Blint, a quarter of a century ago, was associated with me at Mandel Brothers, Chicago, Ill., as General Auditor and Systematizer. Subsequently he was with the Killian Co., Cedar Rapids, Ia., and later controller of a chain of department stores with headquarters in Los Angeles, Calif. Following the election of Charles M. Reed to the presidency of the National Consumer Credit Reporting Corporation (now the Associated Credit Bureaus of America) at Omaha, Neb., in 1936, he arranged with Mr. Blint to accept a temporary assignment with the NCCRC for the purpose of systematizing the office, personnel training, etc. He remained for seven or eight years and left to accept a position with the Charlotte Memorial Hospital, Charlotte, N. C. He is now executive assistant to the head of the Pinebluff Sanatorium, Pinebluff, N. C. Although not a member of the N.R.C.A., Mr. Blint is keenly interested in the success of the organization. Our thanks and appreciation go to him for his splendid cooperation.—L. S. Crowder.

"The enclosed check is in response to President Wolfinger's 'Buy a Brick' promotion. I not only want to buy one brick but I want to buy two bricks. Best wishes for a most successful building program."—Harry L. Bunker, Credit Manager, H. C. Capwell Co., Oakland, Calif., Past President, National Retail Credit Association.

"As you know, I am now retired, but my heart is still with the Association. Enclosed you will find my check for \$5.00 to be used for the purpose of buying five bricks for our new office building."—Walter S. Hull, 607 Chumleigh Road, Baltimore, Md.

"We have just read with much interest the announcement in *The CREDIT WORLD* of the proposed new office building for the National Association. We hope you will receive a great many contributions and that the two checks enclosed may be of some help."—Helen D. Ruffin, Memphis Retail Credit Association, Memphis, Tenn.

"It is with genuine pleasure that I accept your offer to buy a brick for the new home of the National and our check for ten of these is enclosed with the sincere hope this will be the smallest offering you receive. This new building will prove a monumental undertaking and I am proud to number among my good friends the man who will be remembered as the one who sponsored a home for the National."—Alfred C. Moreau, Secretary-Manager, Hartford Credit Rating Bureau, Hartford, Conn.

"Come On, Let's Go"

• IF YOU HAVE ever played on a football team and your team needed to score to put themselves out in front, you will remember the first thing your captain said when you went out on the field, "Come on, fellows, let's go." That is just what I am asking each of you. As members of the National Retail Credit Association who have not yet responded to the BUY A BRICK Campaign, "Come on, let's go." I am sure every member of this Association should be sufficiently interested to make this small contribution toward our building fund. The building will probably be completed in December and, prior to that time, everyone who

makes a contribution will be listed as one of the charter members of the BUY A BRICK CLUB.

• MANY OF OUR members have bought a number of bricks and, of course, the generosity of anyone who wants to buy more than one brick will be very much appreciated. Personally, I would rather have every member be a contributor to the BUY A BRICK Campaign than have the funds raised by the contributions of those who can give more than the dollar we are asking.

• THIS IS A JOB FOR ALL. NOT A FEW.

CLARENCE E. WOLFINGER, *President*
National Retail Credit Association

The Blue Book of CREDIT DEPARTMENT LETTERS

This 48 page booklet has just been prepared by the Educational Department of the National Retail Credit Association to meet the needs of the busy retail credit granter. It is completely new and offers you a model letter for almost every conceivable letter writing situation that can arise in the credit department.

There are five divisions of the booklet:

1. Credit Sales Promotion Letters.
2. Acceptance and Declination of Credit Application Letters.
3. Collection Forms and Letters.
4. Adjustment Letters.
5. Miscellaneous Credit Department Letters.

In addition there are ten pages of commentary on specific correspondence matters. Each letter is written for a special purpose. Indexed for instant reference.

If your correspondence problems are taking too much of your time, this better letters counsellor is just what you need. Send for your copy today.

\$1.50

**NATIONAL RETAIL CREDIT
ASSOCIATION**

Shell Building • • St. Louis 3, Mo.



Retail Credit Manual (Credit Management Division, National Retail Dry Goods Association, 100 West 31st St., New York 1, N. Y., 640 pages, \$4.50.) This book provides credit department employees and students with the *why* and *how* to succeed. It is reference book and training guide as well as a text for classroom use. When preparing the book, Mr. Dakins, General Manager of the N.R.D.G.A., and formerly Educational Director of the N.R.C.A., supplemented his own knowledge with the practical experience of 77 credit specialists actively engaged in the field in all parts of the United States and Canada. The result is an important contribution to the literature of retail management, an up-to-date, comprehensive and authoritative manual, a working tool for those anxious to join the ranks of successful credit sales executives. The book contains 101 illustrations and 27 chapters of up-to-date information.

Suffolk's Guide to the Mails (Suffolk Publications, Greenlawn, New York, 77 pages, \$2.00.) If the Post Office offered to teach you all the postal shortcuts and money-saving hints for sending mail at lowest cost and insuring fastest possible delivery, you know how valuable such a course would be. This Guide is as valuable as a course. It tells in easy-to-understand language all the hints, shortcuts, rules, laws, and regulations it pays to know. It is the original unofficial postal guide produced by businessmen for businessmen. It is actually more than a rate book. Every mailing room should have a copy.

Public Relations in Business (Bureau of Economics and Business Research, University of Illinois, 205 David Kinley Hall, Urbana, Ill., 46 pages, free.) This is a study of the activities of large corporations by Nugent Wedding, Assistant Professor of Marketing, University of Illinois. It was undertaken to clear up some of the disagreements concerning public relation activities and the questions of the fundamental need for and justification of this type of business activity.

The Blue Book of Credit Department Letters (National Retail Credit Association, 218 Shell Bldg., St. Louis 3, Mo., 48 pages, \$1.50.) Here is a completely new booklet, just prepared by the Educational Department of the N.R.C.A., that offers you a model letter for almost every conceivable letter-writing situation that can arise in the credit department. The booklet has five divisions: 1. Credit Sales Promotion Letters; 2. Acceptance and Declination of Credit Application; 3. Collection Forms and Letters; 4. Adjustment Letters; and 5. Miscellaneous Credit Department Letters. It is indexed for instant reference. This booklet not only is invaluable for the credit manager seeking inspiration in making his letters convincing and powerful, but is a handy primer for junior correspondents enabling them to avoid the common pitfalls of correspondence practice.

GUARANTEE AND WAIVER FORM

GUARANTEE and WAIVER

I, _____, in consideration of the extension of credit by _____ to _____ in the sum of \$_____ for the purchase of _____ as evidenced by a contract in writing dated _____ do hereby guarantee to the said _____ all and any payments under the said contract, and I do hereby waive notice of default and all rights and benefits to which I may be entitled under subsection 1 and 2 of section 103 of the Act of Congress of October 17, 1940, being Public Law No. 861, 76th Congress, as amended by section 2 of the Act of Congress of October 6, 1942, being Public Law No. 712, 77th Congress, this Guarantee and Waiver to be binding on my heirs, executors, administrators and assigns.

Signed this _____ day of _____, 194____, in the city of _____ state of _____

Witness _____ Address _____ City _____

Printed on other side of this form.

GUARANTORS ARE ENTITLED to the benefits of the Soldiers' and Sailors' Civil Relief Act, and under the Act they can waive their rights to these benefits, if the waiver is in writing.

PROTECT YOUR firm by using this National Approved Form when you extend instalment credit on a guarantee basis. It is a waiver and guarantee form combined, and complies with all the requirements.

FOR BEST RESULTS, it should be used in duplicate and copy handed to guarantor. Printed in black ink on green bond paper. Actual size, 4" x 6".

SOLDIERS' AND SAILORS' CIVIL RELIEF ACT WAIVER FORM

THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT WAIVER FORM was prepared for financial institutions as a separate waiver form and a companion to the GUARANTEE and WAIVER form illustrated above. It was designed for use in connection with guarantees, notes and comaker' contracts.

MOST RETAILERS have found that our GUARANTEE and WAIVER form fully meets their needs. Why? Because it is valid under the provisions of the Relief Act, a waiver and guarantee combined, and the guarantor has only one document to sign.

FINANCIAL INSTITUTIONS, however, have not been able to use this form in connection with comaker paper. What they require is a separate waiver form. It is to meet the needs of these credit granters that this SOLDIERS' AND SAILORS' CIVIL RELIEF ACT WAIVER FORM has been prepared. It complies with all the requirements of the Relief Act and the actual text of the applicable provisions of the Act is also printed on the reverse side.

FOR BEST RESULTS it should be used in duplicate and a copy handed to the guarantor, endorser, surety or comaker. Printed in black ink on goldenrod bond paper. Actual size 4" x 6".

PRICES

Over 5,000	\$3.00 per 1,000
2,500-5,000	\$3.25 per 1,000
1,000-2,500	\$3.50 per 1,000
500	\$2.00

MAIL THIS COUPON TODAY

NATIONAL RETAIL CREDIT ASSOCIATION
218 Shell Building, 1221 Locust Street,
St. Louis 3, Missouri

Please send me _____ GUARANTEE AND WAIVER FORMS.

Please send me _____ Soldiers' and Sailors' Civil Relief Act Waiver Forms.

Name _____ Firm _____

Address _____ City _____ Zone _____ State _____

Be a Good Brick, **BUY A BRICK, TODAY!**

CREDIT WORLD 19
OCTOBER 1950

CREDIT FLASHES

Gilbert A. Marbach

Gilbert A. Marbach, 48, died suddenly at the home of his mother-in-law, September 2, 1950, in New Braunfels, Texas.



For many years he was Credit Manager of the City Water Board, San Antonio, Texas, which position he resigned in the late summer of 1945 to accept the position as manager of the Adjustment Department, Retail Merchants Association of San Antonio. He was past-president, San Antonio Retail Credit Association; past president, Retail Credit Executives of Texas; a director of the Retail Merchants

Association, San Antonio, Texas, the Lions Club of San Antonio; and was a vestryman of Grace Lutheran Church. As general convention chairman for the annual convention of the National Retail Credit Association held in San Antonio in 1940, he performed his duties in such an outstanding manner that many of our members often refer to it as one of the best conventions in the history of the Association. He attended the Cincinnati, Ohio, conference of the Association last June and had been a regular attendant at our conventions and conferences for many years. He served as State membership chairman for the N.R.C.A. and in 1938-1939 was a director of the N.R.C.A.

He is survived by his widow, his parents, two brothers, and a sister to whom we extend our deepest sympathy. The credit fraternity has lost a faithful and enthusiastic member who was held in the highest esteem by his associates and his many friends throughout North America.

Credit Signal Plan at Norfolk

A signal credit system by which customers are warned automatically when their credit is imperiled has been instituted by the Retail Merchants Association, Norfolk, Virginia. Under the plan, customers with past-due accounts will receive caution notices warning them that continued nonpayment will impair their credit rating at the local store. For accounts overdue beyond established credit policies, stop notices will be sent as a final warning. Unless these accounts are paid by a given date on notice, a record of this will be sent to the association's office and included in credit references.

Hahn Opens New Store in Baltimore

Hahn Shoe Stores, Washington, D. C., announces construction of a new Baltimore, Md., store to open about December 1, 1950. The store will be located next to their present location at 33-35 West Lexington Street. In addition to their Baltimore store Hahn's maintain seven stores in Washington, D. C. The new store will contain many new modern features. The Hahn stores have been in business for 75 years and have been a member of the N.R.C.A. since 1921.

137 New Members at Bakersfield

Bakersfield, California, has added 137 new members to the National Retail Credit Association. Here is how it was done.

We have a wide-awake credit executives' club with a membership of some 55 credit executives. At the last meeting National Director O. L. Kinzer, who is also President, Merchants Association of Bakersfield, gave such a convincing talk about his attendance at the annual conference in Cincinnati and the constructive work the N.R.C.A. is doing, that it was decided that Bakersfield should have a stronger membership in the National Association.

On the front page of our monthly bulletin we published the following message to our members. The result was 137 new paid-up members. We say, as the old saying goes, where there's a will, there's a way.

You all remember the successful convention staged here last year by District II of the National Retail Credit Association of which our own O. L. Kinzer was the President. This Association, in addition to their educational program, conducts a strenuous legislative program to protect our businessmen from adverse legislation.

The CREDIT WORLD, the monthly publication, is full of good articles on credit and collections and gives you clues and means of handling your credit and collections to your advantage. The annual membership fee for the National Retail Credit Association is only \$5.00. The publication is worth that alone. We have several issues on hand and we will be glad to have any of you call and read them.

We think so much of the value of this membership to you that we are going to go out on a limb and bill each one of our members \$5.00 for membership in the N.R.C.A. We will do this unless we have your objections by August 10 and we ask that you do not object until you have tried it for a year. Please believe us when we tell you that it is well worth the money. So, when you see the extra \$5.00 charge on your August statement, please know that it is for National membership and for your good.

Pay Promptly Campaign at Washington

An advertising campaign urging payment of all credit obligations is being planned by the Retail Credit Association of the District of Columbia, Washington, D. C., according to John K. Althaus, Treasurer. Notices to members and store officials have been sent requesting contributions from individual stores to defray expenses of newspaper ads which are estimated to amount to \$1,800.00. These ads will begin running six weeks before Thanksgiving in the local papers and four of them are planned for after Christmas to remind the public to pay their obligations promptly. Several years ago, the group ran a series of ads which was considered most productive.

David D. Bolen

It is with sincere regret that we announce the sudden death of David D. Bolen on September 23, 1950, just as this issue of The CREDIT WORLD was going to press. He was Credit Manager, Famous-Barr, St. Louis, Mo., for the past four years and president of the National Retail Credit Association in 1941-1942. A complete obituary will appear in the November issue.

Boston Conference on Distribution

The twenty-second annual Boston Conference on Distribution will be held on October 16-17, 1950, at Hotel Statler, Boston, according to announcement by Daniel Bloomfield, Director of the Conference. The Boston Conference will be addressed by thirty of the outstanding leaders in business including The Rt. Hon. C. D. Howe, Minister of Trade and Commerce of Canada; Donald R. Richberg, noted Washington lawyer; Hon. Lowell B. Mason, Federal Trade Commissioner; Carl Byoir, public relations counsel; C. F. Hughes, Business News Editor, *The New York Times*; Paul Mazur, partner, Lehman Brothers; E. D. Bransome, President, Mack Trucks, Inc.; John W. Craig, Vice President, Avco Manufacturing Corporation; Frank M. Porter, President, American Petroleum Institute; Q. F. Walker, economist, R. H. Macy & Co., Inc.; Frederic W. Ecker, Financial Vice President, Metropolitan Life Insurance Company; F. A. Jenckes of Burlington Mills; E. J. Klock of General Electric; Dr. Paul H. Nystrom, President, Limited Price Variety Stores Association; Marion Harper, Jr., President, McCann-Erickson, Inc.; Louis B. Lundborg, Vice President, Bank of America; Ralph S. Damon, President, TWA; Dr. L. H. Slotemaker, Vice President, Royal Dutch Airlines; Dr. Julius Hirsch; Robert F. Elder; Dr. Karl D. Butler; and other notables. The Boston Conference is open to all who are interested.

Activities in Long Beach, California

A broadened training program designed to reach the entire personnel of men and women engaged in credit and collection activities in Long Beach, Calif., is the object of the Long Beach Credit Club which inaugurated its new policy at its annual dinner meeting recently. The club's educational program covers all phases of credit and collection procedure. The club hopes to double its membership and has directed its appeal especially to women employees of credit and collection departments in Long Beach stores, banks, finance companies, professional offices and other business establishments.

The new officers of the club are shown below. Left to right, seated, are Robert Kieffe, Public Loan, Treasurer; Vito Romans, Buffums', Vice President; William H. Kleese, Columbia Outfilling Co., President; and Vivienne Narel, Walker's, Secretary. Standing are Richard Dickinson, F. and M. Bank, Director; Florence Collier, Dr. F. E. Campbell, Director; and H. M. White, Standard Oil Co., Director.



Be a Good Brick, **BUY A BRICK, TODAY!**

Wanted by the FBI



FRANK DOUGLAS PRZYBYLSKI

FBI No. 473,030

The FBI has requested the assistance of finance companies, credit companies, credit departments, and collection agencies throughout the country in locating Frank Douglas Przybylski (pronounced Shebilsky), pictured above, who is under Federal indictment for a violation of the Interstate Transportation of Stolen Motor Vehicle Act.

Investigation has disclosed that the fugitive, using the fictitious name "Grant Curtiss" was, until recently, the trusted and capable assistant manager of a finance company at Houston, Texas. In view of his experience gained in the finance and collection fields, the FBI feels that the fugitive may seek similar employment in some other section of the country under another fictitious name. Other known aliases of Przybylski include: Douglas Ames, Merle Andrews, Frank Brown, Frank Douglas Cotton, Frank Douglas, Frank Emerson, J. M. Leonard, Arthur S. Page, Lloyd Payson, Don Reeser, Jerry Williams, Larry A. Williams, Jeffrey Michael Winters.

Przybylski is described as follows: Born July 5, 1915, Omaha, Nebraska; Height, 5' 11½"; Weight, 184 pounds; Eyes, brown; Hair, brown, receding at temples; Complexion, medium; Build, medium; Race, white; Nationality, American; Occupations, chauffeur, stenographer, finance and credit official; Scars and marks, pit scar right elbow, cut scar left wrist, two one-inch scars second joint left index finger, one half-inch scar second joint left thumb, dimple on point of chin; Hobbies, motorcycle enthusiast, stamp collector; Appearance, wears well-tailored clothing, generally wears suspenders without belt, termed by associates as a "ladies' man"; Marital status, married and may be traveling with wife, a trained nurse.

Any information which may assist in locating this individual should be furnished immediately to the Director, Federal Bureau of Investigation, Department of Justice, Washington, D. C., the Special Agent in Charge of the nearest Division of the FBI, or local police.

CREDIT DEPARTMENT

Letters

PLANS TO CAPTURE the greatest amount of sound Christmas credit business should now be made. Customers deem an invitation to accept credit facilities a tribute to trustworthiness, and prefer to shop where assured a cordial welcome. Now is the time to accomplish all the details of account opening, so when the time of intense shopping arrives, all customers have to say is "Charge it, please."

Here are a few credit sales possibilities. *Newcomers to your community.* Have you secured the latest names, and have they been invited to visit your store? Surely newcomers form an important source of new charge customers. A letter of welcome is infinitely more effective when sent out promptly, than, as is so often the case, several months after arrival, by which time other shopping habits may have been formed. Good timing is important.

Good prospects not now on your books. This is a good time for solicitation. An account opened now stands an excellent chance of early use. The appealing "Shop here for Christmas" theme can be stressed. If possible, make the positive and flattering statement, "Your account is ready for instant use."

Friends of your own charge customers. The recommendation of a friend usually goes a long way. Insert credit application blanks with your next statement mailing, with the suggestion they be passed on to friends.

Lists of business and professional women. Usually such lists are obtainable from club secretaries, or firms specializing in direct mail. Not only do such women shop for themselves, often on lunch hours, when rapidity is especially appreciated, but they frequently also shop for bosses and business associates.

Your own inactive accounts. Now is a good time to stir them into activity. Send your Christmas catalogue or other promotional material with a letter of invitation to resume use of the account. Your assurance that the account is immediately usable, with no time-consuming details necessary, might be remembered as the shopping list lengthens and shopping time shortens.

Consider an employee contest for new charge accounts. October and November should be productive. Plan an intensive campaign. Get salespeople credit sales-minded.

Place desks, supplied with credit applications and pens, at several strategic spots in the store, where the hurried,

and perhaps also the timid, shoppers may make out their own credit applications.

Request newspaper space for credit advertisements containing application coupons. Advertising pays.

Ask management for a window display devoted *wholly* to credit. You may have to do quite a selling job to accomplish this, but many stores have found them productive and profitable. Include leaflets or booklets describing credit plans in cash and C.O.D. packages. Provide attractive cards, including credit applications to be placed at tables in store restaurants and at snack bars. Some stores also place them in fitting rooms.

Provide the commentator with brief messages concerning credit facilities for use at appropriate moments in style shows. Seize opportunities to get the credit message over at all store-sponsored events, within and outside the store. Radio spot announcements are valuable. Attractive signs around the store, not forgetting the elevators, often urge the customer to the credit office to open that needed charge account.

Much can be accomplished in credit sales promotion by well-informed and enthusiastic salespeople. Make sure that Christmas extras and part-time people, as well as the regulars, know about the store's credit offerings. Interest and enthusiasm can best be created by the credit manager. Leave no stone unturned in the search for new accounts. Get the utmost out of those on the books.

This Month's Illustrations

Illustration No. 1. L. E. Ashmore, Credit Manager, Ivey-Keith Company, Greenville, South Carolina, in this splendid new account solicitation letter tells the customer to come in soon and use the account.

Illustration No. 2. Willard R. Pool, Credit Manager, Diamond Store, Charleston, West Virginia, suggests that the customer bring along the letter to the credit office and at that time he will obtain the signature of users.

Illustration No. 3. W. O. Perlick, Credit Manager, Meacham's, Fort Worth, Texas, here takes advantage of the opportunity of converting C.O.D. customers into regular charge customers. A friendly, convincing letter.

Illustration No. 4. A. J. King, Credit Manager, Home Furniture Company, Scranton, Pennsylvania, believes that inactive budget accounts offer a fruitful source of new business. This is one of a series of three letters.

WE WANT MORE LETTERS AND FORMS

ATTENTION—Banks, Finance Companies, Jewelry Stores, Petroleum, Coal and Fuel Dealers, Lumber Merchants, Dairies, Hospitals, Public Utilities and others. We want to reproduce your credit and collection letters and forms. Please send to us, for comment and publication, samples of the letters and forms you use. In this manner we will be able to show a variety and a cross-section which will be a benefit to all. Your contribution will be welcome.

W. S. CHAPPELL
Credit Manager

IVEY-KEITH CO.
DEPARTMENT STORE
GREENVILLE, SOUTH CAROLINA

J. B. FOSTER, President
BENJAMIN C. FOSTER, Vice-President
W. T. BOWEN, Vice-President
GEO. W. FOSTER, Gen'l. Manager

August 19, 1950

Mrs. John Cash
10 Greenville Street
Greenville, S. C.

We are glad to offer you the use of a charge account at our store and hope that you will use the account regularly.

It will not be necessary to make any formal application to the office as this has all been arranged. Just tell the salesperson to "charge it" the next time you make a purchase.

We shall welcome your first "charge" and trust that you will give us the opportunity to show our appreciation of your patronage.

Just at this time our store is completely filled with new fall merchandise and you are sure to find just what you want at IVEY'S.

IVEY-KEITH COMPANY

L. E. Ashmore
L. E. Ashmore
Credit Manager

LKA/af

A COMPLETE DEPARTMENT STORE



CHARLESTON 27, W. Va.

August 19, 1950

Mrs. John Brown
510 Broad Street
Charleston, W. Va.

Dear Mrs. Brown:

You are cordially invited to make use of a charge account which we have opened for you. We are certain you will find it a real assistance in doing your shopping.

Just bring this letter to our Credit Office on the seventh floor. No other information or introduction is necessary.

For your convenience, a statement will be mailed to you each month. With it will be enclosed the original of all sales checks, returns and payments, which will enable you to verify easily all the items posted thereon.

Accounts are payable within thirty days from the billing date shown on your statement.

We hope you will find our service so satisfactory you will use your account every month.

Sincerely yours,

THE DIAMOND, INC.

Willard R. Pool
Willard R. Pool
Credit Manager

WHP/bb

HOME FURNITURE COMPANY

Telephone 4-0922

OF SCRANTON PENNA.
210-212 LACKAWANNA AVENUE

August 22, 1950

Mrs. John Smith
100 American Avenue
Libertyville, U.S.A.

Dear Mrs. Smith:

There is a feeling of real pride on our part that we have been able to serve you through your budget account in the past.

This makes us regret, all the more keenly, that you have not used it recently.

Here at our store we have seven floors of the latest ideas in beautiful home merchandise and we would be glad to have you pay us a visit and stroll around our floors to become acquainted with the many things that are part of a home and help make it enjoyable.

If there is anything we can do to renew our services to you, won't you please call upon us? Kindly accept this letter as still another expression of our regard for your patronage.

Sincerely yours,

HOME FURNITURE COMPANY

W. O. Fawcett
W. O. Fawcett
Credit Manager

Meacham's

FORT WORTH, TEXAS

September 19, 1950

Mrs. John Doe
1 Main Street
City, State

Dear Mrs. Doe:

On several occasions we had the opportunity to send you merchandise through the services of Ann Miller, our personal shopper, on a mail order basis.

We felt it an imposition to send your selections C.O.D. and to serve you this added expense, took the liberty of opening a regular 30 day charge account. Purchases on this account made in one month are payable in full by the 10th day of the following month.

Your future orders can now be sent without any delay. All you have to do is say, "Charge it, please."

Very truly yours,

W. O. Fawcett

W. O. Fawcett
W. O. Fawcett
Credit Sales Manager

WHP/ys

TEL. 5-0011

Be a Good Brick, BUY A BRICK, TODAY!

CREDIT WORLD 23
OCTOBER 1950

Collection Scoreboard

Compiled by the Research Division

August, 1950 August, 1949

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1950			1949			1950			1949			1950			1949			1950			1949		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Atlanta Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45.2	48.7	41.4	46.2	48.2	44.4
Baltimore Md.	45.8	50.9	36.0	49.0	53.1	45.4	16.8	23.3	10.3	21.4	35.2	17.3	43.2	52.1	37.3	42.4	45.5	38.3	40.2	46.0	34.5	41.2	41.5	41.0
Birmingham Ala.	47.6	54.9	41.0	47.5	57.1	38.0	17.9	24.5	14.3	21.3	25.0	17.0	44.7	57.7	34.3	39.1	45.1	33.0	49.8	54.1	42.0	51.7	52.3	51.0
Boston Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids Ia.	59.2	63.9	54.6	59.7	63.6	55.9	16.4	17.7	15.2	27.1	35.2	19.0	—	84.0	—	—	86.5	—	71.5	75.0	68.1	65.4	72.5	58.8
Cincinnati Ohio	55.0	59.8	49.2	58.4	62.4	53.8	16.3	25.4	9.6	18.3	23.9	12.6	60.1	63.2	57.2	59.5	63.1	56.3	51.8	61.3	42.4	52.1	57.7	46.5
Cleveland Ohio	50.1	55.4	48.8	50.4	54.6	49.0	24.4	26.3	20.4	26.9	28.3	18.5	52.0	64.0	40.0	45.8	49.0	38.7	67.1	89.2	44.9	70.6	92.2	45.1
Columbus Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver Colo.	49.3	57.8	42.5	52.0	61.7	45.2	14.0	23.9	12.8	20.1	20.8	18.6	53.5	57.8	49.1	50.9	51.5	50.3	—	—	—	—	—	—
Des Moines Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City Mo.	56.3	59.2	48.8	61.4	62.5	60.4	20.0	24.9	12.5	28.2	30.6	21.0	54.7	57.5	47.0	57.1	62.2	49.0	54.7	57.5	47.0	57.1	62.2	49.0
Little Rock Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles Calif.	56.3	66.3	48.9	51.5	64.4	50.1	15.9	17.1	15.1	18.6	21.3	16.6	—	61.4	—	55.9	61.7	50.1	51.0	67.9	42.1	51.5	63.5	46.0
Louisville Ky.	49.8	52.8	46.9	48.2	48.5	47.9	14.6	18.3	10.8	16.6	21.7	13.3	43.1	48.1	37.0	43.5	54.2	35.0	47.9	50.2	44.6	51.7	58.2	44.1
Lynn Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee Wis.	51.5	57.0	51.1	51.9	65.3	48.5	14.2	14.3	14.1	17.3	18.1	16.4	51.7	59.4	44.0	47.4	55.8	39.0	59.4	76.8	42.1	60.4	80.3	40.5
Minneapolis Minn.	59.4	61.9	59.9	62.8	65.9	57.0	20.8	24.6	18.8	25.9	27.1	24.7	64.7	67.0	62.3	66.1	67.0	65.2	60.5	75.9	49.6	57.3	63.2	51.3
New Orleans La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York N.Y.	46.2	52.7	37.5	46.4	50.8	39.4	19.7	28.1	12.0	21.0	27.1	17.0	46.2	58.0	40.1	43.6	52.8	40.9	52.8	57.0	48.6	49.5	55.2	43.9
Oakland Calif.	55.8	69.0	51.1	59.5	57.7	46.3	17.7	30.3	13.5	18.5	28.0	17.1	59.7	63.2	55.1	57.3	59.0	55.6	55.6	61.6	49.6	58.0	65.0	51.0
Omaha Neb.	—	53.3	—	62.2	68.9	55.5	—	18.4	—	—	23.0	—	51.6	55.0	45.7	51.6	56.6	46.5	—	57.4	—	—	56.6	—
Pittsburgh Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence R.I.	51.5	54.5	48.7	49.4	57.0	45.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis Mo.	—	—	—	—	55.2	61.0	50.2	—	—	22.8	25.8	19.7	—	—	—	50.8	61.4	39.1	—	—	—	52.2	56.5	46.3
Salt Lake City Utah	63.6	71.2	58.4	64.6	68.6	62.8	18.8	23.2	15.5	24.5	26.1	22.3	—	—	—	—	—	—	48.3	52.6	44.0	50.2	53.2	47.2
San Francisco Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Santa Barbara Calif.	64.3	68.3	61.0	61.5	69.9	47.6	—	—	—	—	—	—	59.7	60.3	57.6	58.0	59.9	46.3	67.7	69.2	54.9	61.4	65.7	54.8
Sioux City Ia.	—	58.7	—	60.2	60.8	59.7	—	10.7	—	22.2	24.6	19.8	55.5	61.0	49.0	—	—	—	56.6	67.9	45.3	60.2	67.9	52.5
Spokane Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield Mass.	64.3	68.0	60.6	63.9	68.5	59.2	24.7	26.9	22.4	23.2	24.7	21.7	—	68.1	—	—	70.6	—	—	53.8	—	—	54.7	—
Toledo Ohio	52.6	53.0	49.5	57.6	60.0	50.3	17.6	18.9	14.0	18.8	26.0	15.5	42.3	46.6	38.1	38.9	44.0	33.8	54.9	59.9	58.9	56.8	58.8	54.7
Tulsa Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington D.C.	49.1	56.9	45.6	48.4	51.9	46.3	19.9	26.7	16.0	19.6	24.2	15.2	—	—	—	—	—	—	—	—	—	—	—	—
Worcester Mass.	—	58.3	—	51.0	57.3	45.1	—	25.9	—	31.2	38.9	29.9	60.9	61.0	60.8	51.9	52.8	50.0	—	—	—	—	—	—
Youngstown Ohio	—	43.4	—	44.1	—	—	—	16.1	—	—	20.3	—	—	73.0	—	—	64.0	—	—	—	—	—	—	—
Ottawa Ont.	47.1	48.7	34.8	47.5	49.6	46.5	16.8	31.0	12.6	17.1	37.6	16.8	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver B.C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria B.C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

INSTALLMENT ACCOUNTS receivable at department stores increased further in July but at a faster rate than in the preceding four months. At the end of the month this type of indebtedness reached an all-time high, 53 per cent above the amount outstanding on July 31 last year. Collections on installment accounts continued in about the same volume as in June and the ratio of collections to accounts receivable on the first of the month remained at 17 per cent. At the prevailing rate of repayment, installment accounts would be outstanding considerably longer than a year earlier. Charge accounts outstanding at the end of July were 5 per cent below the level of a month earlier but were 13 per cent larger than on the corresponding date of 1949. Collections on charge accounts decreased 5 per cent from

June to July and the collection ratio dropped from 51 per cent to 49 per cent. The average collection period for charge accounts outstanding in July was about 56 days, nearly 6 days longer than in that month last year. Both cash and charge-account sales showed less than the customary seasonal decline in July. Installment sales, however, rose contras seasonally during the month, exceeding the June figure by 23 per cent. The activity during the month, which stemmed in part from increased purchasing of durable goods following the Korean outbreak, brought sales of all types well above year-earlier levels. The year-to-year gain was particularly marked in the installment segment—74 per cent.—Federal Reserve Board.

Business Conditions and Outlook

General Business Conditions

FALL BUSINESS is sure to be high, as the steady expansion in the volume of trade and in other aspects of the total economic activity has continued throughout the summer. In many lines the rate of increase has speeded up under the combined stimulus of large industrial and consumer buying, supplemented by a rising volume of governmental purchases. In no lines, nor in any section of the country, have there been any significant indications of a reversal in the upward trend.

The volume of business as measured by financial transactions is 12 per cent higher than it was a year ago. In some places, increases as high as 25 per cent have been reported. Some of this increase has been due to rising prices, although much of it represents larger industrial output. Allowance should also be made for the fact that the comparison is with activity in a period when business was very close to the low point of the decline a year ago.

Business conditions are most favorable in the major industrial areas, especially in the region around the Great Lakes. Peak operations in the steel and automobile industries, as well as in most of the heavy machinery and equipment lines, account for this good showing. Activity has also speeded up in parts of New England because of the rising rate of activity in the textile industry and in a number of consumer-goods lines.

Another area of good conditions is the South, although the expansion there has not been quite so significant nor so widespread. Industrial activity in that region has been vigorous enough to offset some tendency for agriculture and farm income to lag slightly. Quite as significant is the excellent showing being made in the Southwest, where we see expanding industry, increased income from livestock, and a moderate improvement above earlier expectations in the wheat crop. Activity in the region has also been stimulated by the steadily increasing output of petroleum.

The effects of increased activity in connection with military operations have been of some significance in improving business conditions along the Pacific Coast. Volume of trade has increased somewhat more in the Northwest than it has farther south. The area in California in which business activity has been rising faster than the national average has increased considerably during the last few weeks. That trend is expected to continue as a combination of factors, both industrial and agricultural, is pushing the trend rapidly upward.

Improvement in business conditions is lagging throughout most of the agricultural sections of the country. The improvement in the prospects for good crops and the rising trend in farm prices, as well as in farm income, have not yet been reflected in the volume of trade and industry. The trend is upward, however, and if weather conditions remain favorable during the remainder of the season, business in this area also will be nearer the national average. Another place where business is lagging slightly is in New York. In all places, though, business is better than it was last year.

In Canada, the volume of trade and industry has been holding steady, although the most recent trend has been gradually upward. Industrial activity is about 2 per cent higher than it was a year ago. The smaller margin of increase over last year in Canada is due to the fact that Canadian business declined very little and for the entire year was higher than in the preceding year. Agricultural prospects indicate a small decline in crop production, but the decline will be offset by higher prices. Industrial production and foreign trade are being well maintained, and most business indicators point to a continuance of the present high level of employment, production, and sales.—*Business Bulletin*, La Salle Extension University, Chicago, Ill.

Consumer Credit

TOTAL CONSUMER credit increased 660 million dollars in July to an estimated total of 20,340 million at the month-end. The gain was larger than for any other July on record and exceeded the substantial increases occurring in the two preceding months. During the year ended July 31 the total

amount outstanding rose by more than one-fourth. Instalment credit continued to account for most of the growth in total consumer credit. Instalment credit outstanding on July 31 is estimated at 12,608 million dollars, representing an increase of 500 million during the month. Much of this unprecedentedly large gain occurred in the automobile segment which at the month-end amounted to 3,994 million. An accelerated rate of growth in other sale credit reflected the initial effect of the heavy buying of major durable goods which followed the Korean outbreak. Instalment loan balances rose by 151 million dollars during July and at the end of the month amounted to 3,264 million. Charge account indebtedness showed a contra-seasonal expansion in July to 3,520 million dollars. This expansion stemmed from "scarc" buying of both durable and nondurable goods which brought the amount outstanding substantially above year-ago levels for the first time in 1950.—Federal Reserve Board.

Retail Furniture Report

RETAIL FURNITURE store sales increased contra-seasonally in July with substantial gains recorded for both cash and credit sales. The growth in credit sales on both instalment and charge accounts was more pronounced than the expansion in cash sales, and stemmed largely from the accelerated demand for durable goods which accompanied the Korean crisis. Total sales in July were about one-third larger than during the corresponding month of 1949 with increases ranging from 26 per cent for cash sales to 42 per cent for charge-account business. Instalment accounts receivable rose 2 per cent during July and at the end of the month were 28 per cent above the amount outstanding a year earlier. Collections on instalment accounts were slightly smaller than in June and when compared with first-of-month accounts receivable yielded a collection ratio of 11 per cent for July. The instalment collection ratio was 12 per cent in July 1949. Stock on hand at furniture stores declined 3 per cent in July but at the end of the month were 10 per cent larger than those carried a year earlier. At the current rate of sale stock on hand amounted to approximately three and one-half months' supply in July compared with more than four months' supply a year earlier.—Federal Reserve Board.

Consumer Instalment Loans

AT THE END of July consumer instalment loan balances of the principal types of lending institutions are estimated at 4,279 million dollars. Each type of lender reported gains during the month, and the over-all rise was 3 per cent, or 132 million. The total amount outstanding on July 31 was 24 per cent above the year-ago level. Loan volume during July was down 3 per cent from a month earlier, reflecting declines at all types of lenders except commercial banks, but continued 26 per cent above the year-ago volume.—Federal Reserve Board.

Retail Instalment Credit at Furniture and Household Appliance Stores

INSTALMENT ACCOUNTS receivable at furniture and household appliance stores increased in July at a somewhat faster rate than in other recent months. At the end of the month, outstanding balances at both types of outlet continued to be substantially larger than on the corresponding date last year. The rate of collection on instalment accounts of both furniture and household appliance stores was slightly accelerated in July but continued to be slower than in the corresponding period of 1949.—Federal Reserve Board.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.



Items of Interest From the NATION'S CAPITAL

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

The Federal Control Bill

The Defense Production Act of 1950 contains a section which it will not hurt to repeat for the information and caution of businessmen. Contemplating that at some future period ceilings may have to be established on prices and wages, it provides that for such purposes the comparable salaries and wages for the period of May 24 to June 24, 1950, shall be taken into consideration.

Detailed instructions are given for the establishment of such price and wage ceilings (Title IV, Sec. 401-410). Containing complete provisions relative to civil and criminal penalties, for judicial review, and for the promulgation of rules and regulations to implement the effective working of this section of the law, it seemed advisable to the Administration to immediately issue an Executive Order dealing with the preservation of records by all businesses affected. This Order provides as follows:

"Every person who sold or delivered goods or services, or offered them for sale or delivery in the course of trade or business, during the period from May 24, 1950 to June 24, 1950, inclusive shall preserve all his records for such period relating to the prices received or asked and the labor, material, acquisition and other costs incurred in connection therewith.

This order does not apply to wages or salaries received by an individual, sales of agricultural commodities by an individual producer and sales exempt from control such as prices or rentals for real property, rates or fees charged for professional services, prices or rentals for books or magazines, insurance rates, rates of a common carrier or other public utility, or margin requirements."

(Executive Order 10160, Sept. 9, 1950.)

No one will question the advisability of most meticulous record-keeping for that one-month period in line with the above regulation when it is realized that the Act contains a provision allowing civil suits for overcharges for which the judgment may be three times the amount of the overcharge plus \$10,000, *unless the defendant is able to prove that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation*, in which event he shall be liable for only the exact amount of the overcharge. (Title IV, Sec. 409-c.)

The President moved rapidly to provide for planning under the priority and allocation sections of the law and the price and wage ceilings of the law by appointing William H. Harrison of New York, President of the International Telephone and Telegraph Corporation, as head of a newly-established National Production Authority. The Act of course contained provisions for the creation of such an agency which in turn functions generally under the Secretary of Commerce.

Composition of the National Production Authority

What may not be generally realized or which may be lost sight of is that in creating the National Production

Authority the Secretary of Commerce at once provided it with personnel, facilities and services of the Department of Commerce by transferring to it fifteen divisions which formerly comprised the Commerce department's Office of Industry and Commerce. These divisions are as follows: Small Business, Marketing, Iron and Steel, Metals and Minerals, Rubber, Textiles and Leather, Chemicals, Forest Products, Construction, Machinery and Equipments, General Products, Motion Pictures, Foods, Petroleum and Fuels and Energy.

It is understood that temporarily the administration of the National Production Authority will also have the assistance of a deputy administrator, a general counsel, an executive officer, a director of public information, an assistant administrator for program determination, and assistant administrator for industry operations; and that with the agency, there will be four separate officers on civilian requirements, labor production, manpower requirements and small business.

Possible N.P.A. Inventory Order

It is expected that questionnaire forms will probably be issued at an early date to wholesalers and retailers relative to inventory data on certain strategic materials. It is known that steps were being taken to assemble data on manufacturer's stocks of such materials even in advance of the creation of the National Production Authority. Now that the agency has been set up with one of its principal objectives to exercise control on the flow of critical materials, questionnaires to wholesalers and retailers may be issued in order to obtain data on existing stocks at every level of trade. Furthermore, the Department of Commerce will probably request all other Federal departments or agencies that buy goods and materials for defense and non-defense purposes to furnish information as to what their needs for these materials will be in the coming year. Following that, the National Production Authority issued an inventory control order, September 17, 1950, to prevent industrial hoarding or scarce raw materials, such as steel, forest products, rubber, nylon, etc., and a priority regulation designed to give defense contracts preference over other orders in any plant making use of strategic materials. On September 10 the Department of Commerce announced that effective at midnight, September 30, *export controls* would be imposed on 39 classes of iron and steel mill products which had been control-free since March, 1950.

Surveys and Investigations By the Federal Trade Commission

The Defense Production Act contains another provision that may be overlooked in the interest that is centered upon the main purposes of the Act. This provision of law is intended apparently to supplement the

Local Association Activities

Amarillo, Texas

At a recent meeting of the Amarillo Credit Managers Association, Amarillo, Texas, the following officers and directors were elected: President, Raymond Raillard, Foxworth Galbraith Lumber Co.; Vice President, Bonnie Moore, The Hollywood Shop; and Secretary-Treasurer, Dorothy Shaw, Shaw Employment Agency. Directors: Walter Hill, Cunningham Floral Co.; Mae Fitch, Marizons; and Clark Allton, Dock Coffey Pontiac.

Bakersfield, California

The Merchants Association of Bakersfield, Bakersfield, Calif., elected the following officers for the ensuing year: President, O. L. Kinzer, Davenport Typewriter Co.; Vice President, E. J. Mahoney, Security First National Bank; and Secretary-Treasurer, Herbert P. Sears, Herbert P. Sears Co. Directors: Charles Barrows, Camp & Barrows Motor Co.; Malcolm Brock, Brock's Department Store; Harry Crossan, Kern County Bank; Ray Dempsey, Pacific Telephone and Telegraph Co.; Clifford Gray, Gray's Mens Store; F. Kenneth Hamlin, Peoples Finance & Thrift Co.; Peter McCart, McCart & Bultman; Glen Stanfield, Bakersfield Savings & Loan Co.; David Urner, Urner's Appliance Store; and J. T. Wingate, Wingate's Office Supply.

St. Petersburg, Florida

At the annual meeting of the Associated Retail Credit Grantors of St. Petersburg, St. Petersburg, Florida, the following officers and directors were elected: President, Hugh McIntyre, McIntyre Inc.; Vice President, Ralph Haskell, City Fuel Oil Co.; Secretary, Alec Peterson, Credit Bureau of St. Petersburg; and Treasurer, Sam Coley, Florida Power Corp. Directors: Joseph Flaherty, Maas Brothers; Emmett Palmer, Goodyear Tire and Rubber Co.; Louis Hollingsworth, E. Allen Music Co.; and Mrs. Maude Wilkinson, Wilson-Chase Co.

other provisions of the Act which give exemption to industries from the prohibition of the antitrust laws under certain carefully defined conditions. It provides:

"The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable." (Title VII, Sec. 708-e.)

Exemptions from the antitrust laws can follow only after the proposed industry program has been submitted to the Federal Trade Commission and the Attorney General; and approved by the Attorney General of the United States. (Title VII, Sections 708-b, c.)

Credit Controls

It had been publicized that one of the main purposes sought by the Administration in the passage of the Defense Production Act was to curb loose and wasteful

Minneapolis, Minnesota

At the annual meeting of the Retail Credit Association of Minneapolis, Minneapolis, Minn., the following officers and directors were elected: President, Paul E. Johnson, Reeves Coal & Dock Corp.; Vice President, L. Allen Hales, Powers Dry Goods Co.; Secretary, Carleton A. Wildes, Credit Bureau of Minneapolis; and Treasurer, Mary Gregg, J. B. Hudson Co. Directors: Helge E. Blomquist, Nevens Co.; Lily F. Person, Plymouth Furs; Wm. A. Benson, L. S. Donaldson Co.; Albert W. Schreiner, The Cowell Press; John J. Tarasak, Fifth Northwestern National Bank; J. E. Erickson, Inter-City Fuel Co.; Ernest M. Larson, Baston-Barington Chevrolet Co.; Robert Ringsrud, Carr, Dolan & Hahn; Wm. Hill, Northern States Power Co.; and Merton D. Olson, H. A. Rogers Co.

Washington, D. C.

Chester A. Arthur, Assistant Credit Manager, Woodward & Lothrop, Washington, D. C., was elected president of the District of Columbia Retail Credit Association. He succeeded Donald O. Helsel, Joseph R. Harris Co. Other officers named included Willard P. Norwood, budget account credit manager, The Hecht Co., as vice president, and Margaret Manning, credit manager, downstairs store, Lansburgh & Bro., as treasurer.

New Building for Bay City Credit Bureau

Construction has started on a new two story building to house the Credit Bureau, and other offices, at Bay City, Michigan. Its owner, Clayton E. Cormier, Manager of the Bureau said it will be named Commercial Exchange Building. It will be of brick and concrete block construction, fireproof, and contain 10,000 square feet of floor space. While there is a possibility of delays due to material shortage, it is anticipated it will be ready for occupancy in January.

expenditures by tightening up credit practices. Immediately after the passage of the Act the Federal Reserve Board issued a new Regulation W, effective September 18. At the moment it does not look as if the Regulation would do more than to curb the activities of some retailers who are not selling on sound credit terms. Most reliable automobile dealers have been requesting one-third payment prior to the Regulation, and its terms appear temperate and moderate from the standpoint of most retail stores. As pointed out in the September CREDIT WORLD, the Federal Reserve Board had sought the advice and viewpoint of representatives of outstanding retail and credit organizations, including the president of this Association, Clarence E. Wolfinger, prior to the issuance of the new Regulation. And it is expected that similar cooperation will be accorded throughout its enforcement in order to protect the business health of the country. However, there are others who predict that this Regulation is simply the first step in a credit control program of increasing stringency. It has been said that certain government economists have recommended that credit controls in the future must be stricter than the nation has known before. ***

Monthly CREDIT STATISTICS



WE ARE PUBLISHING herewith the figures for the first six months of 1950. It will be noted that the Federal Reserve Board discontinued the collection of data for jewelry stores as of December 31, 1949. These figures are now included in the figures for all other retail stores.

Total consumer credit has maintained a steady increase since the first of the year to an estimated total of 20,340 million at the end of July. The increase of 660 million over June was larger than for any other July on record and exceeded the substantial increases in the two preceding two months. During the year ended July 31 the total amount outstanding rose by more than one-fourth.

Instalment credit continued to account for most of the growth in total consumer credit. Instalment credit outstanding on July 31 is estimated at 12,608 million dollars, representing an increase of 500 million during the month. See page 25 for additional information and data for July.

Ratio of Collections to Accounts Receivable¹

Month	Instalment Accounts				Charge Accounts
	Department Stores	Furniture Stores	Household Appliance Stores	Jewelry Stores	
1944					
December	37	19	28	33	62
1945					
December	37	20	30	31	61
1946					
December	36	21	26	30	54
1947					
December	29	16	21	21	54
1948					
December	23	14	15	20	53
1949					
July	22	12	13	18	50
August	23	12	14	14	52
September	20	11	12	13	52
October	20	11	12	14	53
November	20	11	12	13	54
December	20	10	12	16	52
1950					
January	18	10	12	*	49
February	17	10	12	*	47
March	19	11	12	*	53
April	17	10	11	*	50
May	18	10	12	*	52
June	17	10	10	*	51

¹Ratio of collections during month to accounts receivable at beginning of month.

*Collection of these data discontinued.

ESTIMATED CONSUMER CREDIT OUTSTANDING BY MAJOR PARTS, IN MILLIONS OF DOLLARS

End of Month or Year	Total Consumer Credit	Total Instalment Credit	Instalment Credit				Single- Payment Loans	Charge Accounts	Service Credit
			Sales Credit		Other	Loans			
			Total	Automotive					
1941	9,490	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1943	8,158	1,939	816	175	641	1,123	1,034	1,498	687
1945									
June	5,695	1,994	763	188	575	1,231	1,411	1,544	746
1947									
June	11,380	5,065	2,192	880	1,312	2,873	2,512	2,887	916
1948									
June	14,609	7,333	3,720	1,602	2,118	3,813	2,839	3,352	945
1949									
July	16,187	9,331	5,009	2,610	2,399	4,322	2,768	3,123	965
August	16,452	9,613	5,221	2,767	2,462	4,384	2,798	3,064	977
September	16,801	9,897	5,430	2,876	2,562	4,459	2,908	3,123	973
October	17,221	10,164	5,661	2,966	2,695	4,503	2,866	3,197	994
November	17,813	10,439	5,880	3,083	2,795	4,559	2,927	3,454	993
December	18,777	10,891	6,240	3,144	3,096	4,651	2,967	3,909	990
1950									
January	18,344	10,836	6,174	3,179	2,995	4,662	3,003	3,506	999
February	18,126	10,804	6,213	3,256	2,957	4,671	3,001	3,233	1,008
March	18,302	11,077	6,334	3,355	2,979	4,743	3,009	3,211	1,005
April	18,620	11,322	6,511	3,470	3,041	4,811	3,048	3,241	1,009
May	19,085	11,667	6,733	3,600	3,133	4,934	3,100	3,290	1,028
June	19,980	12,108	6,995	3,790	3,205	5,113	3,147	3,392	1,033

CONSUMER INSTALMENT SALE CREDIT

[Estimated amounts outstanding. In millions of dollars]

End of Month or Year	Total Excluding Automobile	Department Stores and Mail-Order Houses	Furniture Stores	Household Appliance Stores	Jewelry Stores	All Other Retail Stores
1941	1,805	469	619	313	120	284
1943	641	174	271	29	66	101
1945						
June	575	150	254	42	38	91
1947						
June	1,312	423	427	166	87	207
1948						
June	2,118	720	621	322	121	334
1949						
July	2,399	766	730	404	121	378
August	2,462	781	734	417	122	388
September	2,562	818	784	435	121	404
October	2,675	835	822	434	123	421
November	2,795	906	858	464	127	440
December	3,096	1,010	935	506	163	488
1950						
January	2,995	975	902	491	*	627
February	2,957	958	891	492	*	616
March	2,979	960	899	502	*	618
April	3,041	979	913	518	*	631
May	3,133	1,011	935	537	*	650
June	3,205	1,032	947	561	*	665

*Included with All Other Retail Stores.

DEPARTMENT STORE SALES BY TYPE

(Percentage of Total Sales)

Year and Month	Cash Sales	Instalment Sales	Charge-Account Sales
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—December	54	7	39
1948—December	53	6	41
1949—July	52	7	39
August	50	10	40
September	49	9	42
October	48	10	42
November	48	9	43
December	50	8	42
1950—January	49	9	42
February	48	10	42
March	48	10	42
April	49	9	42
May	48	9	43
June	48	9	43

In The NEWS



REGULATION W was reinstated by the Federal Reserve Board on installment accounts effective September 18. Excerpts from the Regulation affecting retailers will be found on pages 14-15 of this issue of **THE CREDIT WORLD**. The comments of General Manager-Treasurer Crowder will be found on page 32.

THERE ARE NOW 17.2 million women workers in the United States compared to 13.8 million in 1940. Almost twice as many are married as were in 1940 and 15 per cent less of them are unmarried. There are 20 per cent more widows now than ten years ago.

YOUR SHARE of the interest on last year's national debt was \$36.33.

9.5 BILLION dollars was spent for new cars in 1949 while only 8 billion was spent for homes.

ASHEVILLE, North Carolina, is the wealthiest little city in the United States. With a population of only 51,000, it has 75 citizens worth \$100,000 or more.

ADAPTION of the credit card idea to restaurants has been reported. A New York company is using the idea on a national basis and has signed up 75 restaurants in large cities. One feature of the plan is that the monthly billing gives a single permanent record of all entertainment expenses.

NOW IS THE TIME to determine draft prospects of your employees. Find out how many are of draft age. Chart their skills and train others in them. Do not delay as labor will become increasingly hard to get.

ABOUT ONE OUT OF every five adults moved during the past two years. Over half of our adult population moved during the war years.

THE NUMBER of married persons in the United States climbed to a record figure of almost 75 million, an increase of 14.5 million in 10 years, the Metropolitan Life Insurance has announced. This means that two-thirds of the population above 15 years of age are married.

A TYPIST and bookkeeper who developed ganglia, small hard tumors caused by inflammation on the back of both hands is now receiving workman's compensation as a victim of an occupational disease, according to a Commerce Clearing House report in Labor Law Journal.

15 YEARS AGO social security became more than an idea for labor in the United States. Right now, 2,940,000 men, women and children are receiving \$61 million each month. These benefits were paid for in advance under Federal old-age and survivors insurance.

ONE OUT OF seven persons gainfully employed is at work because of job opportunities created by the automotive industry.

THERE ARE 18 million women working today. There are 6 million families where a woman is officially the head of the household. Just about a million more own their own businesses.

HOW TO Simplify Your Files and Filing Systems is the subject of a new 40-page booklet released by Remington Rand Inc. It is based on the premise that many time-saving, work-saving filing techniques are often unknown to the average file clerk. Copies may be obtained by writing Remington Rand Inc., 315 Fourth Ave., New York 10, N. Y.

CREDIT MANAGERS, not the customers, are to blame for slow payments, says a University of Illinois bulletin. The How and Why of Retail Credit, by David W. Belcher. The bulletin suggests five controls and other factors in credit management. Free copies are available by writing to University of Illinois, Business Management Service, Urbana, Illinois.

AT THE ANNUAL meeting of the Robert Morris Associates, the national association of bank credit men and lending officers, elected Fred C. Witte, Vice President, The Chase National Bank, New York, N. Y., to head the organization for the coming year. They also selected B. F. Barnett, President, Commercial National Bank, Shreveport, La., as First Vice President and E. Lawrence Worstall, Vice President, The Philadelphia National Bank, Philadelphia, Pa., as Second Vice President.

ARTHUR QUAY, formerly Credit Manager, First National Bank, Minneapolis, Minn., was elected President of that same organization, one of the largest banks in that section of the country.

A NEW USE PURCHASE plan under which tabulating equipment may be purchased over a period of less than nine years at a lower cost than rental, was announced by Remington Rand Inc. The new plan, which spreads payments over 100 months has a cancellation clause effective after the first year, is expected to revolutionize the distributing pattern for punched card-accounting equipment, which heretofore has been on a rental basis.

ARE YOU MOVING? Postal authorities will not forward your copy of **THE CREDIT WORLD**. If you change your address please notify the National Office immediately so that we may correct our records to insure correct mailing. A postal card will suffice. Please show your name, old mailing address and new mailing address along with your postal zone number.

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Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

A Woman in Credit

IRIS E. MACGILLIVRAY, Continental Can Company of Canada Ltd., Montreal, Quebec, Canada

IT IS NOT my wish to start the old controversy in this piece of writing. If we women were to tell the truth, I believe we would all admit we are well content to take second place to men in business and in our homes. We all have more respect for a man who can be a bit rugged betimes.

Nor is it my intention to be false to my sex. I fully believe in women's ability as compared to men's. I know that in so much of business we have equalled men and that in some phases we have surpassed them. I believe, however, that the credit field is one part of the business world in which women have not generally distinguished themselves. It is one in which they can prove themselves invaluable to their employer and in a manner superior to any man.

Now, lads, let your blood pressure slide back to normal. It is not my contention that women can do better in the top credit jobs than you. I did not say they can do a better over-all job in credit than you. I simply believe there is a place in credit which a woman can fill, through a combination of her natural sympathy and her much questioned, much touted, but undeniable intuition, to much better advantage than you and this place is not in the driver's seat.

Credit is a peculiar business and the normal woman a peculiar creature. What is true of one today may not truly be applied tomorrow. There is a great deal of insight to be applied in credit, a great deal of listening, much patience and a long view to be taken before the summing up can be done, and it is in this pre-summing-up period that a woman fits.

I am not speaking either of the "efficient" woman. "Efficient" has always seemed so ugly an adjective. The purely efficient woman is always too brusque, too cold, and over-groomed. She prides herself on making split-second decisions and sticking to them in spite of hell and high water, fully believing she is being "as smart as any man" in following this policy. Incidentally, she never gets a dinner bid or a gift of nylons either!

A much better word is "bright." It has always warmed me to hear the pride in an executive's voice when he speaks of the "bright" girl he has working for him and how she always anticipates his needs. Bright she is, both of face and manner. Of course she makes the most of her natural looks but glamour is not essential despite a misplaced belief that it can carry a far-reaching effect. Men generally cannot be so far deluded that they will long accept glamour without a substantial background of intelligence and application. The bright girl will cultivate, too, an alert manner, for she should, above all, always create the impression that she is interested in and fully assimilates everything that is discussed with her.

The bright girl should start her credit career as a stenographer and her first evidence of interest is when she makes an attempt to smarten up those dreary collection letters. It, perhaps, can only be a different twist to a phrase, and it may make of the former stereotyped request for payment a direct plea that the customer feels it would be rude to ignore. She begins to notice stray items in the newspapers and trade magazines which may apply to her firm's clients or to her work in general. She becomes thoroughly familiar with the names of the customers and she can hit a fair percentage without reference to her files when her chief asks if she remembers the credit standing of any customer.

She finds she has more spare time now because she has begun to write the run-of-the-mill letters herself and thus saves her chief's time too and she would like to see a little more of what goes on on the ledger sheet, so she ties in payments, checks for overdues and reviews the record for an hour or so a day. She begins to converse with the occasional customer over the telephone and her big moment is when she ventures to stand firm on the due date for settlement and the customer agrees to comply.

Her chief has begun to depend on her now for many little phases of the work, extra-curricular to her original duties, and he decides there are a few other tasks he can well assign to her if he relieves her of some lesser ones. So he hires a junior for the routine correspondence and filing and depends on his own girl Friday keeping an eye open to see that her standards are upheld.

She knows that her chief wants "the figures" as soon as he can get them and, through her own cooperation with the staff, she can acquire hot-off-the-griddle pre-official totals of the daily sales and cash payments so he can be prepared for unexpected queries from the big boss. The value of the credit bureaus is discovered and she learns how to use them without piling up unnecessary costs for her firm. She knows when only a quick reference is required and when to await a complete report and she follows through a system for renewing the information so that her files are not filled with obsolete credit data.

Handling Details of Her Job

She presents the new credit applications to her chief and reports to him with a summary of the data so he can make his analyses without burrowing through a ream of incidental information. She speaks more freely to the customers. If she is in a retail credit business, she will take time out to interview them personally to get the feel of dealing directly with the public. Here she will gain valuable impressions which may have little or no relation to the information which is being given but which is of invaluable assistance in marking the record. Many a customer's account has been earmarked to be watched

● "Public Relations" ●

(Beginning on Page 12.) ●

2. *Workers like a "boss" who understands and appreciates their problems.* Regardless of how busy you are, find time to hear problems, be a good listener. If a worker hesitates to start talking, prime with a few diplomatic questions. Do not criticize for any complaints made.

3. *Keep workers posted on plans and accomplishments of their department.* Let workers know in advance about changes which will affect them. Do not keep them ignorant of that "pat on the back" by top management.

4. *Give credit where credit is due.* If necessary to reprimand do so in private; never reprimand in anger; do not be hasty; be sure of your facts and give reasons. Courtesy will not spoil the effect.

5. *In criticizing a worker's performance, compare his work to a standard and not to the performance of a fellow employee.* I know of a specific case where such criticism was given. Instead of the supervisor finding out why the employee's work was not up to par, he immediately held up another person in that department as a shining example. Naturally the criticized employee was hurt. His ego was injured and the quality of his work decreased to such a point that it was necessary to replace him. True, perhaps the worker was not the person for that job, but the supervisor did not handle this problem according to sound human relations principles. The worker could have been placed elsewhere in the store if handled properly.

just through the credit girl having an intuition but it is something which has rung a warning bell and it has saved losses for many a firm.

The opportunities of meeting the customers personally in a wholesale business may not be so numerous, but she can and does make telephone friends as far as possible with their bookkeepers as this can mean less carelessness about prompt payments, which can result in a tidy saving of interest during a year's business. The depth of the meaning of the words garnishee, seizure, guarantor and sue is learned by her with sorrow, but this only strengthens her determination to avoid the actuality of these words, knowing again that they always bring with them extra expense for her firm.

Her own work includes not only the special dictation, she learns to dictate intermediary letters herself and she begins to absorb her chief's way of thinking by listening to his conversations with customers and with the sales force. While she may not always agree with him and may, on the proper occasions, present her differences to him, she will at no time consciously express an opinion when speaking for him that is different from that which she knows he would express. She, at all times, conveys in her speech the confidence that this is the correct opinion.

This does not make of her a mere puppet, however, because she has had to act sometimes without the benefit of his advice and her judgment, on the basis of the facts before her, plus her intuition, has been sound. She has been able to divert many nuisance calls from the order depart-

6. *After correcting a person, forget the error.* When I have a new employee in my credit department the first thing I tell him or her is this, "We all make mistakes, we expect you to. However, we ask that you do not continue to make the same errors. If you are aware of an error made, don't be ashamed of it, try to have it corrected immediately. Everyone had to make a start, just as you are." The main thing to remember, after correcting a person is to forget the incident. Do not hold it against that person any future time.

7. *Teach your employees to deal with customers as human beings.* Get away from that regimented, red tape approach to your customers, which your people will use unless taught to be gracious and make the customer feel that he or she is extending a favor. Often we act as if we were doing the customer a favor.

I would like to leave this thought with you: Every worker likes to take pride in his work. Make him feel that his job is essential. Pride in the job in turn creates pride in the Company. The establishment of harmonious relationships between employees and their supervisors will result in satisfied employees which will in turn create greater customer satisfaction, or in other words, "Good Public Relations." Your credit department is the most important department in your store. Management counts on you, as credit manager, to represent the store; uphold store policy; be a credit to your store and a credit to yourself. Be not only a credit manager; be a *Manager of Credit Sales.* ★★★

ment or the clerks and she has "terribly sorried" many a customer, whose request has miscarried, back to a pacific state without having to resort to the head man at all.

She always keeps the "bright" look. She does not allow herself to become inured to the difficulties of her firm's clients. She knows that to freeze up and present too stony and adamant a front may prevent her gaining a clue which can be sufficiently important to guide a decision. She always maintains a respectful attitude with the smaller fry, be it wholesale or retail, for she knows that today's poor man may well be tomorrow's millionaire and her refusals of requests, where necessary, are always tempered with sympathy. She has learned to wield the iron hand in the velvet glove.

She has found her footing and she knows her way. Her chief has long since given up muttering in his beard about not being able to get anything done or being buried in detail and her career is now of her own choice. My guess is that she will forget that she ever wanted to "keep up her shorthand." She will keep it up anyway making notes for herself. She will stick to credit, for it has a lot to offer a woman in business and that is the opportunity for the personal touch which makes things alive and interesting; the glimpse into other lives and other worlds so that she better knows how to guide her own; and the financial end of it which gives her an understanding of the trend of business. Working in a "man's world" the woman in credit may even win not just dinner bids or nylons, but perhaps the best customer herself. ★★★

Regulation W

IN LIEU of an editorial this month we quote below from a circular letter of the Federal Reserve Bank of Chicago:

Under the authority of the Defense Production Act of 1950, the Board of Governors of the Federal Reserve System has reinstituted regulation of consumer instalment credit through Regulation W, *effective at the opening of business, September 18, 1950.*

The Regulation covers automobile instalment credits of \$5,000 and less and other instalment credits of \$2,500 and less. Except that home improvement credits are now covered and terms are generally tightened, the Regulation is in much the same form as the Regulation which expired June 30, 1949.

The limitations initially established are:

Down payments of at least one-third, and maximum maturities of 21 months for automobiles.

Down payments of at least 15 per cent, and maximum maturities of 18 months for appliances: refrigerators, food freezers, radio or television sets, phonographs, cooking stoves, ranges, dishwashers, ironers, washing machines, clothes driers, sewing machines, suction cleaners, air conditioners and dehumidifiers.

Down payments of at least 10 per cent, and 18 months maximum maturity for furniture and rugs.

Down payments of at least 10 per cent, and 30 months maximum maturity for home repairs, alterations or improvements.

Following the past policy of placing fewer restrictions on small credits, the new Regulation does not contain down payment requirements for articles costing less than \$100 although, unlike the former Regulation, maturities are limited.

Instalment loans for the purchase of any listed article carry the same limitations that apply to the instalment sale of the article; other instalment loans are limited to a maximum maturity of 18 months.

On page 14 of this issue you will find sections of the Regulation which affect retailers.

Copy of the complete Regulation, if not already received, may be had by writing the Federal Reserve Bank of your district.

Members are urged to cooperate in making the Regulation a success. If additional information is desired, it will be furnished by the Federal Reserve Bank.

Credit granters are fortunate in again having the Regulation administered by the Board of Governors of the Federal Reserve System, and we pledge our complete cooperation.

L. A. Howden
General Manager-Treasurer



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THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940. AS AMENDED

DO YOU KNOW THE ANSWERS TO THESE QUESTIONS?

- What action should a Merchant take to protect himself when credit is requested by a person classified 1A or 3A by his Draft Board?
- What kind of form should be used when there is a voluntary "give-up" of merchandise by a service man or his dependents?
- Can a service man waive the benefits of the Relief Act?
- When will a waiver made by a guarantor be valid under the Relief Act?
- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
- Can a service man succeed in having the carrying charges reduced to 6 per cent per annum during his military service in connection with an installment contract made prior to his induction?
- Does a storage company require a court order to enforce its lien against a service man's goods?
- Is the period of military service to be used in computing the time within which a debt will be outlawed?
- What relief does the Relief Act provide in connection with income taxes owing by a service man to the Government?
- How long will the Soldiers' and Sailors' Civil Relief Act remain in force?
- These and many other questions of vital interest to you are answered in this new booklet on the Soldiers' and Sailors' Civil Relief Act.

HOW MANY DO YOU KNOW?

● In addition to the entire text of the Relief Act of 1940 as amended, supplementary material is provided to enable credit granters to obtain a clear understanding of the Act. This information is presented under the following headings:

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- (2) Analysis of the Relief Act: Prepared by a prominent New York attorney and written in the language of the layman.
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